

THE COMBINED FEDERAL CAMPAIGN: MAKING EVERY DOLLAR COUNT

HEARING

BEFORE THE
SUBCOMMITTEE ON FEDERAL WORKFORCE,
US POSTAL SERVICE AND THE CENSUS
OF THE
COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES
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THE COMBINED FEDERAL CAMPAIGN: MAKING EVERY DOLLAR COUNT

Wednesday, July 10, 2013,

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON FEDERAL WORKFORCE, POSTAL
SERVICE AND THE CENSUS,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, D.C.

The subcommittee met, pursuant to call, at 1:03 p.m., in Room 2154, Rayburn House Office Building, Hon. Blake Farenthold [chairman of the subcommittee], presiding.

Present: Representatives Farenthold, Walberg, Gowdy, Lynch, Speier and Davis.

Staff Present: Alexia Ardolina, Majority Assistant Clerk; Molly Boyl, Majority Parliamentarian; Daniel Bucheli, Majority Assistant Clerk; Caitlin Carroll, Majority Deputy Press Secretary; Adam P. Fromm, Majority Director of Member Services and Committee Operations; Linda Good, Majority Chief Clerk; Jennifer Hemingway, Majority Deputy Policy Director; Laura L. Rush, Majority Deputy Chief Clerk; Scott Schmidt, Majority Deputy Director of Digital Strategy; Lena Chang, Minority Counsel; Devon Hill, Minority Research Assistant; Safiya Simmons, Minority Press Secretary, Mark Stephenson, Minority Director of Legislation.

Mr. FARENTHOLD. Good afternoon. We actually kind of have a tight schedule today. There are scheduled votes in the House of Representatives at 2:00 o'clock, and we would like to try to finish earlier rather than asking our witnesses and folks to stick around for what will probably be a very lengthy series of votes. I realize I am the only one here at this point, but in order to keep us moving ahead, I am going to go ahead and call the subcommittee to order, read my opening statement. Hopefully by that time minority members will be here. If not, we will address that issue when we come to it.

So the subcommittee will come to order. As is normal, we will begin the hearing by reading the Oversight Committee's mission statement. We exist to secure two fundamental principles. First, Americans have a right to know the money Washington takes from them is well spent. Second, Americans deserve an efficient, effective government that works for them. Our duty on the Oversight and Government Reform Committee is to protect these rights.

Our solemn responsibility is to hold the government accountable to taxpayers, because taxpayers have a right to know what they get from their government. We will work tirelessly in partnership with citizen watchdogs to deliver the facts to the American people and

bring genuine reform to the Federal bureaucracy. This is the mission of the Oversight and Government Reform Committee.

Thank you for being here.

Today we are going to talk about the Combined Federal Campaign: Making Every Dollar Count. Through the Combined Federal Campaign, Federal workers have donated more than \$7 billion to thousands of local and national charitable organizations. The CFC has marked its 50th anniversary with a commission designed to ensure the campaign's long-term viability. In the midst of the anniversary, the Inspector General released a troubling report demonstrating how donations could have been put to a better use.

With giving at an all-time low, it is clear that some changes need to be made to bring workers back into the fold and bring them back to donating. While I commend the OPM for moving quickly to address the concerns by the IG, banning food and entertainment paid for with charitable donations is one example, I am troubled by several aspects of the agency's proposed regulations. Its regulations lack specificity, yet propose substantial untested changes to the administration of CFC, the financing of the campaign and the operation of the CFC federations.

A number of the proposed changes move well beyond the recommendations of the commission. For example, the commission recommended OPM encourage the use of online giving, yet OPM proposes to eliminate paper donations. Past experience shows the absence of flexible giving options can result in a significant decline in donations. For example, the DC1 fund saw a 79 percent decrease in donations when it shifted to a web-only based campaign. Since it has returned back to a model that allows both paper and online contributions.

The regulations also propose to reduce the local connection between the hallmark of the programs. OPM describes this change as part of its efforts to streamline the campaign. However, OPM's history with managing large projects, from the failed redesign of the USAJOBS to millions wasted on the failed upgrade of the paper-based retirement claims system, does not inspire confidence. Moreover, I question why OPM would eliminate the opportunity for Federal employees to connect at the local level. This seems the logical way to increase giving. When it comes to donations, it always helps when the "ask" comes from a friend.

The committee has heard concerns from many, from postal workers to charity watchdogs. I hope today's hearing will help participants better understand the impact of OPM's proposal and will lead to sensible changes that better support those who choose to donate.

I thank the witnesses for their participation. We will now go to Ms. Speier who will deliver an opening statement. Is it yours or Mr. Lynch's or both?

Ms. SPEIER. I am just the oracle through which Mr. Lynch's statement will be read.

Thank you, Mr. Chairman, for holding this hearing to review the operations of the Combined Federal Campaign and evaluate OPM's proposed changes to CFC regulations.

The CFC is the largest workplace giving campaign in the world. Federal employees, military personnel and postal workers gener-

ously donate a portion of their hard-earned dollars to help people and local communities in need. Since the CFC's establishment in 1961, our Federal workforce and uniformed service members have contributed nearly \$7 billion to charities that have helped men, women and children in need. Their generosity has continued even in the face of a challenging budget climate, a Federal pay freeze since 2011, sequestration, layoffs, buyouts, furloughs and legislation targeting their pay and benefits.

As a result, it is understandable that contributions to the CFC have fallen from a high of \$282.6 million in 2009 to \$258.3 million in 2012.

However, despite these difficulties, our Federal Government civilian and military personnel have donated more than \$250 million each year since 2004 to help those who are less fortunate. As the Administrator of the CFC, OPM has an important responsibility to ensure that every dollar that is donated by our Federal workers is effectively used to help the individuals who need it.

I want to thank OPM for creating the CFC 50 Commission to ensure the continued growth and success of this vital program. I fully support the commission's goals of increasing the CFC's accessibility, accountability, transparency and affordability. I believe in the need to increase accountability, strengthen program integrity and improve the quality and consistency of local campaigns.

Last March, the OPM Inspector General found that the campaign administrator improperly charged over \$300,000 in campaign expenses and should have used \$764,000 in campaign funds more effectively. We must vigilantly prevent waste and abuse of donor contributions.

I appreciate OPM's commitment to make the CFC more efficient and effective, and I appreciate the agency's efforts to follow through on some of the commission's recommendations. Many charities, donors and watchdog organizations, including the witnesses here today, support proposed changes to the CFC program.

But they also have concerns about a number of proposed changes. I understand that OPM is still in the process of reviewing the public comments received on the proposed rule. This hearing presents a good opportunity to hear from OPM, charities, donors and watchdog organizations about their views on the proposed rule.

It is important that we have a conversation about whether, for example, CFC's fund-raising structure should be centralized, whether the paper pledges, charity lists and donations should be eliminated, and whether charities should be charged non-refundable application fees. Making a good thing better is what should unite all of us here today.

Thank you, Mr. Chairman, and I look forward to the hearing and the testimony from our witnesses.

Mr. FARENTHOLD. Thank you very much, and again, we will get underway. Our first witness is Congressman Dave Reichert. He represents Washington's Eighth Congressional District. Mr. Reichert, you are recognized.

STATEMENT OF THE HONORABLE DAVE REICHERT, A REPRESENTATIVE IN THE UNITED STATES CONGRESS FROM THE STATE OF WASHINGTON

Mr. REICHERT. Thank you, Mr. Chairman, and also thank you to the members of the committee for inviting me here today.

I am here because this is something I am very passionate about. I will share a couple of stories with you in a moment.

But I first want to say that as a member of Congress, I can tell you that many of the programs, of course, that our government runs don't work. I think we all recognize that. As a former chair of the King County Employee Charitable Campaign in Washington, which is King County's version of CFC, I can tell you that the Combined and Federal Campaign is one of those programs that we got right. That is why I have continued to participate as a member of Congress.

So first I would like to share some of my history with CFC, then I would like to share why I am concerned about OPM's proposed changes. The CFC has given me the opportunity to donate to causes like the Special Olympics and the Pediatric Interim Care Center in Seattle, Washington.

Now, the Pediatric Interim Care Center is a very special place. It is filled with little babies. Those babies are born in surrounding hospitals in the Seattle area. They are born drug-addicted. The hospitals don't have the ability to take care of those little babies. So they are taken to the Pediatric Interim Care Center in Kent.

I happen to have been involved as a detective in a case that took 19 years to solve, the Green River Serial Murder case. One of the victims' daughters in that case born as a drug baby, was one of the first babies taken into that organization. I wrote a book called Chasing the Devil. All the proceeds from that book, through CFC, went to the Pediatric Interim Care Center. I continue to support them today. What a wonderful cause, to make sure that our babies have a home.

Two of my grandchildren are adopted from the Pediatric Interim Care Center, one a meth-addicted baby, the other a crack cocaine and heroin-addicted baby.

As the former chair of the King County Washington Employees Campaign, I saw first-hand the benefits that the CFC and its current structure of local control and support had on our community. I also know what it takes to found a non-profit, and have approved to be a part of the CFC. So when I was a detective, my partner was shot and killed in the line of duty. We organized a non-profit organization around him and his family. That organization still exists today. I was the co-founder of that organization, put together the organization. Took a year or more to become a 501(c)(3), met individually at every precinct, 1,100 employees, to gain their support at the personal level with all those other folks that work with the CFC in King County. Finally, we became a part of their choices where people could say, I want to give to the Sheriff Fund, to help support those families that have lost a loved one in the line of duty, that have been killed in the line of duty.

So those are two special stories to me. That is why I am so passionate about this. I have two grandkids that are drug-addicted ba-

bies, I lost my partner, who was shot and killed. And these charities helped those families.

Why I am here today and what concerns me is that the Office of Personnel Management has proposed wholesale changes to the regulations governing the Combined Federal Campaign. While I say that these changes are based on a report produced by the CFC 50 Commission, most of the proposed changes were never discussed in the hearings leading up to the report, or even mentioned in the report's final text.

The two proposed regulations that concern me the most are OPM's plans to replace the local volunteer campaign structure with a centralized Washington, D.C. campaign. The new structure would be managed centrally by OPM and the volunteer local Federal coordinated committees that have successfully conducted the campaigns for decades will be eliminated. OPM would have exclusive control in establishing each region.

I believe that removing local control over campaign administration will alienate donors in smaller communities by making them think that they are just giving their hard-earned dollars away to a bureaucracy in Washington, D.C.

OPM further proposes to eliminate local operation of the campaigns through the establishment of central campaign administrators. This seems impractical and unwise and will only add to the Federal workforce and remove the campaign from the enthusiasm of local Federal agencies and staff.

I am also concerned about the proposed non-refundable charity application fee. This could have the unintended consequence of causing smaller, more local charities to leave CFC. In my experience, these changes, taking away local control and operation, would take away the attributes that make the CFC so successful. The fact that local people know that they are giving to a locally-administered campaign benefitting local charities, helping local people, ultimately my concern is that these changes would result in fewer CFC participants and donations.

In these times of need, these charities cannot afford fewer donations. I thank you again for the opportunity.

[Prepared statement of Mr. Reichert follows:]

Congressman Dave Reichert (WA-08)

Testimony before the Subcommittee on the Federal Workforce, U.S. Postal Service and Census

June 26, 2013

Chairman Farenthold, Ranking Member Lynch, it's an honor to testify in front of your Subcommittee today on a subject that is very close to my heart – the Combined Federal Campaign (CFC).

As a Member of Congress, I can tell you that many of the programs our government runs do not work. As a former chair of the King County Employee Charitable Campaign (KCECC) in Washington, which is County's version of the CFC, I can tell you that the Combined Federal Campaign is one of the programs that we got right. That is why I have continued to participate as a Member of Congress.

So first, I'd like to share my history with the CFC and then I'd like to share why I'm concerned about OPM's proposed changes.

The CFC has given me the opportunity to donate to causes like the Special Olympics and the Pediatric Interim Care Center or PICC in my home state of Washington. PICC is the place where two of my grandchildren were cared for as infants. When I am in Washington, this twenty-four hour center for drug-exposed infants has become a frequent stop.

As the former Chair of the King County, Washington employees' campaign, I saw first-hand the benefits that the CFC, and its current structure of local control and support, had on our community. I also know what it takes to found a non-profit and have it approved to be a part of the CFC. In 1982, I experienced the worst fear of every law enforcement officer, my partner Sergeant Samuel Hicks was shot and killed by a murder suspect. As the search went on to find his killer, it quickly became apparent that something needed to be done to support Sam's family during this time of need. In his honor, I founded the Sam Hicks Emergency Relief Interim First Fund, or SHERIFF, to provide for the families of fallen officers. I am proud to say that SHERIFF became eligible for the CFC.

Why I am here today, and what concerns me, is that the Office of Personnel Management has proposed wholesale changes to the regulations governing the Combined Federal Campaign. While they say that these changes are based on a report produced by the CFC-50 Commission, most of the proposed changes were never discussed in the hearings leading up to the report or even mentioned in the report's final text.

The two proposed regulations that concern me the most are:

- OPM's plans to replace a local, volunteer campaign structure with a centralized, Washington, D.C. campaign. The new structure would be managed centrally by OPM. I certainly agree with the recommendations made by the CFC 50/50 Commission that the number of campaigns needs to be reduced by encouraging mergers, and I understand this is already happening voluntarily all across the country under existing rules. However, OPM now proposes Regional Coordinating Committees to administer local campaigns. The volunteer Local Federal Coordinating Committees that have successfully conducted the campaigns for decades will be eliminated. OPM would have exclusive control in establishing each region. I believe that removing local control over campaign

administration will alienate donors in smaller communities by making them think that they're just giving their hard-earned dollars away to the bureaucracy in Washington, D.C.

- OPM further proposes to eliminate local operation of the campaigns. Currently this is done locally through contracts to organizations known as Principal Combined Fund Organizations. Essentially these are local non-profit organizations that oversee day to day campaign operations. OPM proposes to establish "Central Campaign Administrators" (CCA's) that would again fall under the exclusive supervision of OPM. This seems impractical and unwise and will only add to the federal work force and bureaucratize a campaign dependent upon the enthusiasm of local federal agencies and staff.

I would also note that I am concerned about the proposed non-refundable charity application fee. This could have the unintended consequence of causing smaller, more local charities to leave the CFC.

In my experience, these changes taking away local control and operation would take away the attributes that make the CFC so successful – the fact that local people know that they are giving to a locally administered campaign, benefitting local charities, helping local people. Ultimately, my concern is that these changes could ultimately result in fewer CFC participants and donations. In these times of need, these charities cannot afford fewer donations.

Again, thank you for the opportunity to be here today.

Mr. FARENTHOLD. Thank you very much. As is normal procedure of this committee, we typically do not have follow-up questions to members of Congress. In your case, Congressman, it is not necessary, I think you hit all the salient points I probably would have talked about anyway.

So we will now take a very short recess again as we are trying to get as much of this done as possible before votes, to reset and make room for our next panel. We will reconvene as soon as the setup is completed and the next panel is seated, probably two minutes.

Thank you very much, Congressman.

In less than two minutes we have the next panel seated, in record time. I appreciate your promptness.

We will now recognize our second panel, Mr. Mark Lambert, the Associate Director for Merit System Accountability and Compliance at the U.S. Office of Personnel Management. Ms. JuCoby Pittman is President and CEO of the Clara White Mission in Jacksonville, Florida. Mr. Kal Stein is President and CEO of EarthShare. Ms. Debby Hampton is President and CEO of the United Way of Central Oklahoma. And Mr. Ken Berger is President and CEO of Charity Navigator.

Pursuant to committee rules, all witnesses will be sworn in before they testify. Would you please rise and raise your right hand?

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth and nothing but the truth?

[Witnesses respond in the affirmative.]

Mr. FARENTHOLD. Let the record reflect that all witnesses responded in the affirmative. You may be seated.

In order to allow time for questions and in order for us to squeeze this in, I don't mean to diminish the importance of this hearing. This is one I fought for, but we are pressed for time today. We ask that the witnesses limit their testimony to five minutes. We have your full prepared testimony in our book. It will be entered into the record.

So if you will summarize and do the best you can to stay within five minutes, it would be very helpful.

So we will start with Mr. Lambert. You are recognized for five minutes, sir.

WITNESS STATEMENTS

STATEMENT OF MARK LAMBERT

Mr. LAMBERT. Chairman Farenthold and members of the subcommittee, thank you for allowing me the opportunity to appear before you today to discuss the Combined Federal Campaign. The Federal workplace giving program started in the 1950s under President Eisenhower. Back then, there were four distinct campaigns administered by different charities. Although a great program, it was considered expensive and disruptive to Federal employees because of multiple solicitations throughout the year.

In 1961, President Kennedy, by Executive Order, directed the chairman of the Civil Service Commission to oversee the program, which resulted in one campaign season that continues today.

Pledges to the CFC are used to support charities that provide human health and welfare services throughout the world. The CFC is managed and overseen by the Office of Personnel Management to ensure the campaign is effectively and efficiently administered and that campaign components meet Federal requirements.

Currently the CFC has over 160 local campaigns, and each campaign is managed by a local Federal coordinating committee and administered by a principal combined fund organization. The LFCC is a group of Federal employees that act as a de facto board of directors while the PCFO administers the local campaign under the direction and control of the LFCC and the director of OPM.

Since 1961, Federal donors have pledged over \$7 billion to charities through the CFC. In 2012, contributions totaled \$258.3 million. In 2011, the CFC celebrated its 50th anniversary and former Director of OPM John Berry announced the formation of a Federal advisory committee known as the CFC 50 Commission. The commission was established to review the present structure and processes of the CFC and was tasked with developing recommendations to improve and modernize the CFC as well as enhance accountability and transparency.

Convened in September 2011, the commission was comprised of 28 members, including Federal employees from multiple agencies, members of LFCCs and PCFOs, the GAO, the OPM Office of Inspector General, charitable watchdog groups, leaders of charitable organizations and representatives from the National Active and Retired Federal Employees Association and Young Government Leaders.

The commission focused on four main areas: donor participation, infrastructure, standards of transparency and accountability, and an inspector general task force. In July 2012, the commission issued 24 recommendations. The recommendations identified ways to enhance the donor experience, address the rising costs of the CFC, and institute better procedures for meeting the needs of donors and charities in order to increase transparency and accountability and improve the overall oversight of the CFC's use of funds.

OPM reviewed the commission report and concluded the recommendations reflected changes that would improve the CFC for both donors and the charitable organizations. To implement the donor participation recommendations, we propose regulatory changes, including moving the solicitation period to end on January 15th, allowing new employees to make payroll deductions, creating a disaster relief program, and recovering administrative costs through an application fee from charities.

To implement the CFC infrastructure recommendations, we propose regulatory changes, including reducing the responsibilities of the LFCCs and changing them to regional coordinating committees; eliminating redundant campaign administration functions by consolidating them into one or more central campaign administrators, requiring CFC charity lists be made available exclusively through electronic means, and requiring all donations to be made via electronic means.

To implement the standards of transparency and accountability recommendations, we propose regulatory changes including streamlining the application process to permit charities to submit a full

application every three years, rather than annually; easing the financial reporting requirements for charities with less than \$250,000 in revenue and requiring federations to disperse funds to member charities on a specified cycle and prohibiting them from deducting dues or fees from CFC funds.

At present, OPM is reviewing comments from the proposed rule, which was issued on April 8th, 2013. Mr. Chairman, over 50 years ago, the Federal Workplace Giving Program was in need of reform. The resulting CFC has served us well until now. Through the CFC, we annually solicit millions of employees and uniformed service members. However, over 37 percent of donors in the past decade have walked away under the current practices.

As such, it is evident that we are once again at a time of needed reform. I believe the changes recommended by the CFC 50 Commission and proposed in our rule will usher in the needed reforms to attract new donors and provide new contributions to the participating charities. OPM has historically demonstrated our commitment to working with our CFC stakeholders, and we plan to continue to partner with them going forward.

I want to thank you for this opportunity to testify today and I am happy to address any questions you may have.

[Prepared statement of Mr. Lambert follows:]



UNITED STATES OFFICE OF PERSONNEL MANAGEMENT

**STATEMENT OF
MARK W. LAMBERT
ASSOCIATE DIRECTOR, MERIT SYSTEM ACCOUNTABILITY AND COMPLIANCE
U.S. OFFICE OF PERSONNEL MANAGEMENT**

**before the
SUBCOMMITTEE ON FEDERAL WORKFORCE, U.S. POSTAL SERVICE, AND THE
CENSUS
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
UNITED STATES HOUSE OF REPRESENTATIVES**

on

"The Combined Federal Campaign: Making Every Dollar Count"

June 26, 2013

Chairman Farenthold, Ranking Member Lynch and Members of the Subcommittee:

Thank you for allowing me the opportunity to appear before you today to discuss the Combined Federal Campaign (CFC).

Background

The Federal workplace giving program started in the 1950s under President Dwight D. Eisenhower. Back then, there were four distinct campaigns operating in the Federal workplace. Although a great program, it was considered expensive and disruptive to Federal employees because of multiple solicitations throughout the year. In 1961 President John F. Kennedy, by an Executive Order, directed the Chairman of the Civil Service Commission to manage the program. The main four groups of charities could not agree on a way to consolidate into one solicitation. It was not until 1964 that solicitations were "combined" to form the CFC for the Federal government. Today, Federal civilian, Postal, and military donors make pledges during

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U.S. Office of Personnel Management**

June 26, 2013

one campaign season. Pledges are used to support eligible non-profit organizations that provide human health and welfare service benefits throughout the world. The CFC is managed and overseen by the Office of Personnel Management (OPM) to ensure the campaign is effectively and efficiently administered and that campaign components meet Federal requirements.

Currently, the CFC has over 160 local campaigns throughout the United States and one overseas. Each campaign is managed by a Local Federal Coordinating Committee (LFCC) and administered by a Principal Combined Fund Organization (PCFO). The LFCC is comprised of a group of Federal employees that act as a de facto board of directors. Some of the responsibilities of the LFCC include organizing the local campaign, developing a local campaign governance structure, encouraging Federal agencies to appoint Federal employees to serve as loaned executives, reviewing local charity applications, selecting and overseeing the PCFO, ensuring the distribution of contributions are in accordance with regulations, ensuring participation by employees is free of coercion, and authorizing PCFO reimbursements of campaign expenses. The PCFO administers the local campaign under the direction and control of the LFCC and the Director of OPM. Some of the responsibilities of the PCFO include preparing pledge forms and charity lists, training loaned executives, developing campaign marketing strategies and materials, maintaining a detailed schedule of CFC administrative expenses, keeping and maintaining CFC financial records and accounts, and submitting to an audit of collections and disbursements.

Although participation and annual contributions from the CFC declined from 2011 to 2012 with campaign contributions totaling \$272.7 million and \$258.3 million, respectively, the CFC is still the world's largest annual workplace charity campaign. Since 1961, Federal employees, Postal, and military donors have pledged over \$7 billion to national and local charities. The number of

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participating charities has significantly increased with an estimated number of over 24,000 nonprofit charitable organizations worldwide. The charities supported through the CFC range from community groups to large, well-known charities.

CFC-50 Commission

In 2011, the CFC celebrated its 50th anniversary. At that time, the former Director of OPM John Berry announced the formation of a Federal Advisory Committee, known as the CFC-50 Commission (Commission). The Commission was established to review the present structure and the current processes of the CFC. In addition, the Commission was tasked with developing recommendations on ways to improve the CFC in order to ensure the program's continued growth and success. The Commission convened in September 2011 and was comprised of 28 members, including Federal employees who served on LFCCs; directors of PCFOs; Federal, Postal and military personnel from multiple agencies, including the Government Accountability Office; the OPM Office of the Inspector General; charitable watchdog groups; leaders of charitable organizations; and representatives from the National Active and Retired Federal Employees Association and Young Government Leaders.

On July 20, 2012, the Commission issued 24 recommendations on strengthening the integrity, the operation, and the effectiveness of the CFC. The Commission's recommendations focused on four main areas: donor participation; infrastructure; standards of transparency and accountability; and an Inspector General Taskforce.

First, the Commission identified several ways to improve donor participation. For instance, the Commission recommended allowing new employees to make immediate pledges, allowing

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retirees to be solicited, and establishing a voluntary disaster relief program. Second, the Commission recommended ways to address the rising costs of the CFC. Some of the cost-related recommendations included creating a central website that lists all national and local charities, and reducing paper processes currently used in the program. Third, the Commission recommended better procedures for meeting the needs of donors and charities in order to increase transparency and accountability. The Commission suggested the inclusion of a tiered process for application requirements and a streamlined application process. Finally, the Commission recommended improving overall oversight of the CFC's use of funds.

Proposed Rule

In order to implement many of the Commission's recommendations, OPM issued a proposed rule amending the CFC regulations. The proposed rule focuses on the following thirteen key areas of change: 1) move the solicitation period from September 1 – December 15 to October 1 – January 15; 2) allow new employees to make a payroll deduction within 30 days of being hired; 3) create a disaster relief program that gives employees the ability to contribute to relief efforts within hours after a disaster; 4) reduce the responsibilities of the LFCCs (with the integration of agencies into the governance structure and expand the use of online tools) and change the name to Regional Coordinating Committees (RCCs); 5) realize savings by eliminating cash, check, and money order contributions; 6) provide additional training and oversight for RCCs; 7) realize savings by requiring the CFC Charity List be made available exclusively through electronic means; 8) eliminate redundant campaign administration functions by consolidating them into one or more Central Campaign Administrators; 9) recover administrative costs of the campaign from application fees paid by charitable organizations that apply, thus allowing for more donor contributions to go to the charities; 10) streamline the application process in order to permit

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charities to submit a full application every three years rather than annually as currently required;
11) ease the financial reporting requirements for charities with less than \$250,000 in revenues;
12) require federations to disburse funds to member charities on a specified cycle and prohibit
federations from deducting dues/fees from CFC funds; and 13) standardize how Federal payroll
offices provide donor pledge reports to campaigns.

Based on its experience administering the CFC, OPM concluded the proposed rule reflects
changes that would improve the CFC for both donors and charitable organizations. Taken
together as whole, these changes are needed to not only streamline operations but to increase
program effectiveness, while ensuring its continued growth and success. OPM is reviewing
comments from the proposed rule. While the proposals make significant changes, the proposals
will result in more transparency, efficiency, and accountability for the CFC, while reducing
costs.

Conclusion

I want to thank you for this opportunity to testify today and I am happy to address any questions
you may have.

Mr. FARENTHOLD. Thank you very much, and you did that right on time.

We will now go to Ms. JÚCoby Pittman. She is the President and CEO of the Clara White Mission in Jacksonville, Florida. Ms. Pittman?

STATEMENT OF JÚCOBY PITTMAN

Ms. PITTMAN. Thank you. Good afternoon, Mr. Chairman and members of the subcommittee. It is indeed an honor to be here today.

I am here as the CEO and President of the Clara White Mission, where I have served for 21 years. I would like to share my concerns on how several of the proposed changes to the Combined Federal Campaign will hinder and negatively impact our ability to deliver services in our community for the homeless and low income in Jacksonville.

For over 109 years, the Clara White Mission has had a history of providing services. And through the dollars that are entrusted to our agency by Federal employees through the CFC campaign, we are able to support and uplift the neediest in our community. Our goal is simple. We help train and place individuals in jobs so they can become self-sufficient and independent in our society. Our programs are designed to train and educate homeless veterans and low income individuals in life and career skills that will allow them to give back while training, serving and preparing meals to over 500 homeless individuals seven days a week at the Clara White Mission.

To date, over 700 students have graduated from our program and been placed in jobs within 90 days of graduating. And 67 percent of those placed in employment remain in the workforce. Our track record is a direct result of continuous support from the Combined Federal Campaign, from which we have received over \$190,000.

I would like to tell you about a story of a gentleman that has been helped by our program. Hezekiah is a native of Havana, Florida, reared by both parents. Upon graduating from high school, he joined the Army on October 8th, 2005 and was discharged in October 8th, 2008. He was stationed in Fort Jackson and enjoyed the life of a family man and serving his Country. He mentioned that being married and being in the military made him grounded and stable.

Unfortunately, soon after he was discharged, his perfect family life was shattered by the unexpected death of his wife, whom he loved dearly. He found that coping and living without her was very challenging, which led him to a spiraling life of drugs. He began using cocaine, he ran away to Tallahassee in hopes of starting a new life. But every day, he used drugs while working.

Eventually, he lost his job and started stealing to support his habit. He was arrested and served one year in prison. After he completed his sentence and a rehab program, he moved to Jacksonville for a fresh start once again. He enrolled in the Clara White 20-week culinary arts and housing program, certified by the State of Florida education program. After he was accepted and enrolled,

he took advantage of the total program. He attended AA classes, life management classes, developed a positive support system and joined a local church. He excelled and graduated with honors. He stated that our comprehensive programs helped him get his life back and overcome his negative choices and focus on making positive life changes.

Three days after graduation, he was employed by Morning Star Foods. Three months later, he saved his money and moved into his own apartment. He remains clean and met his personal and career goals while enrolled in the Clara White Mission program.

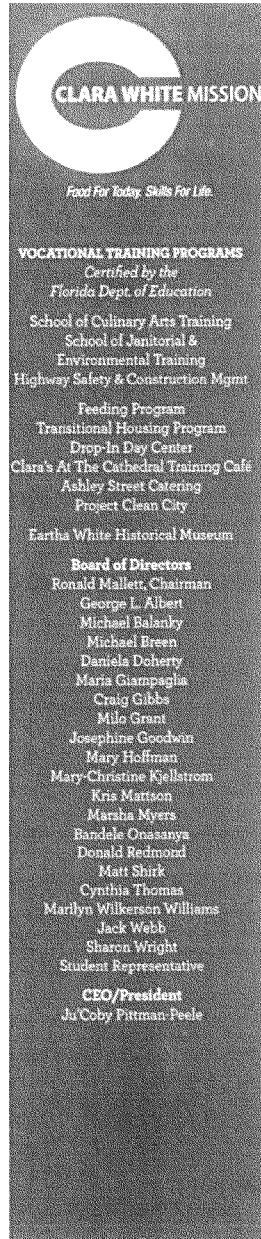
Our ability to reach out to Hezekiah and provide him with tools and training to help him is an amazing, amazing factor due to the generosity of the Federal workforce and the CFC campaign. However, today I am afraid that the proposed changes to the campaign will limit my access and the ability to provide similar services in the future.

The proposed changes include a major reorganization, the elimination of all forms of giving outside of solicitation, and adding an undisclosed fee for agencies like myself participating in the campaign. The reorganization of the campaign will mean less opportunity to meet face to face with employees, share our agencies' mission and also the opportunity to educate donors about how donating to the CFC campaign will build capacity and have a visible impact.

During these difficult times for all Americans, I urge OPM to please, please be thorough about implementing changes that could have a significant effect on the size, scope and role of the combined campaign. I want to work with OPM to make sure the proposed changes do not cause hardship and harm to our communities up close and personal where we live, work, volunteer, and play, up close and personal.

Thank you.

[Prepared statement of Ms. Pittman follows:]



TO: U.S. House of Representatives Committee on Oversight and Government Reform, Subcommittee on Federal Workforce, U.S. Postal Service, and the Census

WRITTEN TESTIMONY: Ju'Coby Pittman, CEO & President, Clara White Mission, Jacksonville, FL, regarding the operation of the Combined Federal Campaign

DATE: June 26, 2013, Rayburn House Office Building

Good afternoon Mr. Chairman, Ranking Member Lynch, and Members of the Subcommittee. It is my honor to address the subcommittee.

- I am here today as the CEO & President of the Clara White Mission, where I have served for 21 years. I would like to share my concerns on how several of the proposed changes to the Combined Federal Campaign will hinder and negatively impact our ability to deliver urgent and critical services to veterans and low-income individuals in Jacksonville, Florida.
- For over 109 years the Clara White Mission has had a history of providing services to veterans, the homeless and low income. Since 2003, we have operated as a one-stop community development center designed to support workforce development and integrate comprehensive supportive services.
- Through the dollars that are entrusted to our agency by federal employees through the CFC, we are able to invest in human services and human capital. **Our goal is simple.** We help train and place individuals in jobs in our community, so they can become self-sufficient and productive members of our community. Our programs are designed for enrolled students who are veterans, low-income and previously homeless residents; allowing them to give back while training, serving and preparing meals to over 500 homeless, 7 days a week at the Clara White Mission.
- Since the inception of the vocational program over 703 students have graduated and been placed in jobs within 90 days of graduating; and 67% of those placed in employment remain in the workforce. In 2011, graduates of the CWM impacted the economy of our community by more than \$1.2 million dollars through earned income. **Clara White Mission is the only non-profit in the state of Florida that offers this unique transitional housing with supportive services for veterans and low-income, coupled with an on-site licensed vocational training all in a one-stop facility, demonstrating use of best practices and a successful track record.**
- The Clara White Mission's program has been recognized nationwide as a leader in the non-profit and charitable sector. CWM was the recipient of the 2008 HUD Secretary's Opportunity and Empowerment Award, and was recognized in 2010 as a cost effective national model training and employment program for the homeless and low-income by Al Roker, anchor on the NBC's TODAY Show. As recently as March of 2013, The Clara White Mission received the Federal Bureau of Investigation's (FBI) Community Leadership Award, for the positive impact outreach our programs have had in the community.

- The leverage, promotions, volunteer support and the financial investment over many decades from the federal workforce through CFC Campaign has allowed our agency to provide innovative, efficient and effective programs.
- CFC is an incredible resource to Clara White Mission. Over the past five years, federal employees have generously contributed more than \$190,000 to support the mission's work and these funds are specific to the daily delivery operations of services. This money has gone directly into helping better the lives of hundreds of Floridians, and building a stronger community in Jacksonville, FL.
- We work with CFC staff technical support and professional experience as a fundraising partner to leverage fundraising dollars to enhance Clara White Mission sustainable programs.
- Let me tell about one of our many success stories, made possible through the generous support of the federal workforce and the Combined Federal Campaign:

Hezekiah, a native of Havana, Florida, reared by both parents. Father was a retired veteran, he held a job in the mattress factory, but he was a functional alcoholic and mother was a house wife and very active in the church. He had two sisters, and two brothers. Hezekiah, was an average student in school and an athlete in Football, Track and a Boy Scout. Upon graduation, he joined the Army on October 8, 2005 and was discharged October 8, 2008. He was stationed at Fort Jackson and enjoyed the life of a family man and serving his country. He mentioned that being married and being in the military made him grounded and stable. Unfortunately, soon after he was discharged, his perfect family life was shattered the unexpected death of his wife, whom he loved dearly. He found that coping and living without her was very challenging, which led to a spiraling life of drugs. To soothe his pain, he began using "crack cocaine".

He moved to Tallahassee to run away and was in hopes of starting a new life. He acquired a new job as an electrical engineer and almost every day, he used drugs. He eventually, lost his job and started stealing to support his habit. He was arrested for the possession of drugs/ theft charges and served a year in prison. While in prison he was placed in a rehabilitation program to combat his addiction. After he completed his sentence and the rehab program, he moved to Jacksonville, Florida for a fresh start, once again. He enrolled in the 20 week certified Culinary Arts Training/Transitional Housing Program at the Clara White Mission Training Center. He was drawn to the program, because he was advised that the program was designed to assist veterans and ex-offenders. After he was accepted for enrollment, he took advantage of the total program. He attended AA classes, life management classes, developed a positive support system and joined a local church. He excelled and graduated with honors. He stated that the comprehensive program helped him find himself. He said, that while he was in prison, he had time to reflect on the positive choices of serving his country and being a family man, the negative encounters and choices he made in life, the death of his wife, the struggle of drug addiction, losing his job and just existing and being a nobody. He said that life at the mission reinforced the positive change that he was looking for in his new life.

Three days after graduation he was employed by Morning Star Foods. Three months, later he saved his money and moved into his own apartment. He remains clean and met his personal and career goals, while enrolled in the Clara White Mission program. He has his life back.

- If the proposed changes are implemented, resources to help veterans like **Hezekiah** would put handcuffs on service delivery. I understand and support the spirit of the changes—however, I believe the proposed remedies should be studied and measured before they are implemented nation wide. With that said, the proposed rules seem very vague, and without further explanation or development, in their present form, I am very concerned about the negative impact they will have on charities like ours, and others nationwide.
- The first and most important fundraising tip that I always advocate to my board of directors and staff – that no one will give unless you ask them to. The proposed rule changes include a major reorganization of the Combined Federal Campaign, that will limit the local, face to face contact and communication that is necessary to be able to explain the our charity’s mission, recruit volunteers, and advocate for our cause.
- Let me share how important the local CFC relationships are to the Clara White Mission: Annually, I make several presentations to federal employees regarding the services at CWM. The CFC Campaign is a venue to update and educate the immediate impact of serving and giving to the campaign. When I share our agency’s mission, show them how their support stays in the community; how it helps stabilize veterans in crisis, and uplift low-income individuals – we are able to show the importance of giving through the CFC, and grow our community and relationships with the federal workforce. After many presentations, federal employees have committed to volunteering with peers and getting their families involved, in many of our programs and fundraising endeavors. Annually, we have over 6,000 volunteers that are committed to the Clara White Mission. If I didn’t have the opportunity to make a “**face to face**” personal appeal, the local federal employee partnerships wouldn’t exist today.
- My concern regarding the reorganization also carries over to my concerns of only enabling online solicitation and giving. From my 21 years of fundraising experience, if the new proposed OPM proposed rule is passed for on-line solicitation, it would eliminate the current infrastructure and personal face to face appeal; decrease volunteerism and professional support from CFC staff and upfront fees which has yet to be determined. CFC has built community capacity locally and leverage resources that charities depend on, without those valuable resources those communities WILL suffer.
- My hope by coming here to Washington DC today is to slow down the process of this proposed paradigm shift, and review, evaluate, and test these sweeping changes that would impact lives not only in my community, but in communities across our country. If the Clara White Mission loses support from CFC, we expect to be unable to perform the full range of our services, which will lead to a direct increase for the most basic needs for hundreds of Americans. Charities for years have continued to do more with less, and we are grateful for the support of the federal workforce. Without the continued support from the CFC of \$190,000, **Clara White Mission would experience decrease in volunteers and would be forced to cut services and staff.** During these difficult times for all Americans, I would urge the OPM to be thorough and thoughtful before implementing changes that could have a significant impact on the size, scope, and role of the Combined Federal Campaign. I want to work with the OPM to make sure these proposed changes do not cause real hardship and harm in our communities where we all live, work, volunteer and play across the country.

- The Clara White Mission is just one of 25,000+ charities in the campaign that will be crippled by the impact of the proposed changes. The CFC Campaign, it's not just the homeless, or veterans of war. CFC supports research to find cures for diseases; it's a hotline for someone considering suicide, it's access to family and children services, and it's disaster relief for communities trying to recover from something like the Gulf Oil Spill. CFC is a proven centralized funding source and it allows thousands of charities to provide diverse services, while delivering human services.
- I thank the Chairman and ranking member Lynch for the opportunity and honor to testify, and look forward to answering any questions you may have.

Thank you!

Mr. FARENTHOLD. Thank you very much, Ms. Pittman. And thank you for the hard work you do on behalf of the people of Florida with the Clara White Mission.

We will now recognize Mr. Kal Stein, President and CEO of EarthShare.

STATEMENT OF KALMAN STEIN

Mr. STEIN. Good afternoon, Mr. Chairman, Ranking Member Lynch and members of the subcommittee. It is my honor to address the subcommittee, as it has been my honor to work with the Combined Federal Campaign for more than 25 years, in pursuit of the CFC's mission to promote and support philanthropy through a program that is employee-focused, cost-efficient and effective, and to lessen the burden of government.

I am speaking today on behalf of EarthShare, which represents 80 national organizations and more than 600 local charities as well as on behalf of seven national federations that represent more than 500 national charities and thousands of local charities across the Country. The CFC is the largest organized charity campaign in the world and the largest in history. It is a singular achievement of civilization, that regular working people, Federal employees, our friends and neighbors all across the Country and the world, have contributed more than \$7 billion to charity during the 52-year history of the CFC. It is a unique American accomplishment that demonstrates the generosity of Federal employees and it is an extension of their public service.

The CFC, in turn, provides critical annual renewable and unrestricted funds to more than 25,000 local, national and international eligible charities. There is no remotely comparable single source of funds for charity in the world. The CFC provides a bedrock of contributions of support that funds charitable services from disaster relief to assistance for veterans and military families, including on-base family support services, critical local human services, medical research and patient assistance, conservation and much, much more.

I was pleased to serve on the CFC 50 Commission with the mission to ensure the continued growth and success of the CFC. And I commend Director Barry and OPM for creating the commission. With CFC participation at an all-time low, change is in order, and opportunities do exist to make the CFC more efficient and effective. While there are aspects of OPM's proposed changes that are promising and that we support, we are deeply concerned that any positive impacts will be overshadowed by new regulations that will result in fewer donations, that will in turn impact charitable services to local communities, including Federal workers and their families.

There are also a number of proposed regulations that go beyond the recommendations of the commission, while other critical recommendations of the commission have not been addressed, including the need to do further research and testing and the formation of a working group of Federal leaders to assess that.

In addition, there is a lack of detail on implementation that makes it difficult to respond to the changes in an informed manner and to suggest alternatives. Our primary concerns are in three areas: loss of local ownership of the campaign, the elimination of

giving options and the lack of testing and specificity regarding change in the cost recovery method of the campaign.

One, loss of local ownership. In the current configuration, Federal employees are organized as local Federal coordinating committees, and engage all aspects of the campaign, including hiring local charities to manage the campaign, and reviewing and improving local charity applications. This gives Federal employees a strong sense of ownership and a stake in the success of the campaign. They can see the impact in their communities.

The proposed regulations seek to eliminate the local Federal coordinating committees that provide oversight. Local charity management would be eliminated in favor of regional marketing organizations. This would dramatically diminish the role of local Federal employee volunteers to the detriment of the campaign and OPM would need to create the capacity to manage all fund-raising, web development, processing and operations internally and it has no experience in these areas. Such a radical reorganization in the campaign was not considered or discussed by the CFC commission.

The most basic rule of fund-raising is that people give when they are asked and the campaign succeeds because it is a person to person endeavor, not because someone gets an email. When you ask people why they give, the reason most often cited is because someone asked, usually a person close to the donor. The CFC has been effective over the years because it includes hands-on, peer-peer communication and engagement at the local level should not be eliminated.

While we recognize the current system may benefit from efficiencies, the proposed changes are an overreaction. OPM has been slowly merging campaigns and committees over the years, as well as increasing its guidance and oversight, and that evolution should continue. The recommendation of the commission was to improve the governance of the CFC at the local level by improving training and OPM support. It was not to abandon the current system. And we support that recommendation.

Elimination of current giving options. While we strongly endorse the expansion of online giving options for Federal donors, we know from experience that it is a critical mistake to eliminate traditional means of giving altogether, and the commission did not recommend eliminating giving options. Many Federal employees who give to the CFC do not have access to or choose not to use online giving. This is a reality for many members of the military, postal service employees, park service personnel and others in similar circumstances and settings that are frequently without access to computers or cell phones.

In 2012, \$27 million was donated in cash, while \$54 million was donated online, out of a total of \$257 million. We need to increase participation in the campaign so we should expand online giving options, but not eliminate other forms of giving.

Allowing donors to give in the method most convenient and secure for them is the key to donor satisfaction and increased participation. While some employees are content to give electronically, others prefer to give in other ways. Forcing people to give in a manner they are not comfortable with is not conducive to encouraging people to pursue the giving process.

Third, and my final point, lack of testing and specificity regarding change in the cost recovery method. No details have been provided on the proposed up-front and non-refundable fees for charities participating in the campaign, including the amount of the fees and how they will be assessed and adjusted each year. The proposal of an up-front fee against an unknown return, and that will be non-refundable under any circumstances, including withdrawal or denial, is patently unfair.

Without more information, charities will be forced to make expenditures without knowing the benefits, which is bad governance. Due to the way that campaign cycles work, a charity will have to pay the fee twice before it knows if it will see any return on the investment. This is the equivalent of a college insisting on two years' tuition fees up front, with the possibility of rejection, but no possible refund.

The commission agreed that changing the fee structure is critical in increasing participation. The objective is to increase the value of the campaign to Federal employees. However, charity fees should first be tested at the local level before changing the entire campaign. Last year, OPM tested universal giving, which allows donations outside of current community stations in three local CFC's. This was a relatively benign change in the campaign with no opposition or downside concerns.

Changing the financial structure of the campaign is far more reaching and potentially disruptive, so it should be developed with an equally cautious approach that does not put donations at risk. The commission recommendation was to develop a series of focus groups to determine what donors want and that OPM should organize an ongoing working group with wide Federal department representation to recommend modifications to CFC. OPM should follow that recommendation before proceeding further.

Despite the numerous challenges, \$257 million was contributed last year by Federal employees at a cost of less than 11 percent, which is outstanding by any measure of effectiveness. I believe in the power of the CFC to be a positive force for the government and Federal employees and the communities where we live, work and play. We look forward to working cooperatively with OPM to continue a dialogue that ensures any changes in the current regulations will not only promote efficiency but also result in greater charitable giving and employee participation and will grow the campaign.

Thank you for your time.

[Prepared statement of Mr. Stein follows:]



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To the U.S. House of Representatives Committee on Oversight and Government Reform, Subcommittee on Federal Workforce, U.S. Postal Service, and the Census

Written Testimony of Kalman Stein, President and Chief Executive Officer, EarthShare, Bethesda, MD regarding the operation of the Combined Federal Campaign

June 26, 2013, Rayburn House Office Building

Good afternoon Mr. Chairman, Ranking Member Lynch, and Members of the Subcommittee. It is my honor to address the subcommittee, as it has been my honor to work with the Combined Federal Campaign for more than 25 years in pursuit of the CFC's mission "to promote and support philanthropy through a program that is employee focused, cost-efficient, and effective" and to "lessen the burden of government".

I am speaking today on behalf of EarthShare, which represents 80 national organizations and more than 600 local charities, as well as on behalf of seven national federations that represent more than 500 national charities and thousands of local charities across the country. I am also representing more than 500 national charities and 3000 local charities as well national federations including America's Charities, Christian Service Charities, Community Health Charities, Global Impact, Human Service Charities of America, Independent Sector, National Black United Fund, United Way Worldwide, and the YMCA of the USA.

The CFC is the largest organized charity campaign in the world, and the largest in history. It is a singular achievement of civilization, that regular working people, federal employees, our friends and neighbors all across the country and the world, have contributed more than \$7 billion to charity during the 52 year history of the CFC. It is a unique American accomplishment that demonstrates the generosity of federal employees and is an extension of their public service.

The CFC is also a unique engine for American philanthropy as it provides critical annual renewable and unrestricted funds to more than 25,000 local, national and international eligible charities, and there is no remotely comparable single source of funds in the world. The CFC provides a bed rock of contributions and support that funds charitable services from disaster relief to assistance for veterans and military families, critical local human services, medical research and patient assistance, and much more.

I first came to Washington in 1989 to create EarthShare when revised CFC regulations allowed for new federations, and since then have participated in workplace campaigns with 26 state governments, and hundreds of other governmental and private sector employers, including companies such as Walmart, JP Morgan, United Health and Accenture.

EarthShare's focus on workplace giving has allowed us to develop expertise that it has willingly shared with private and government employers, including the CFC, and we have created a record of building robust partnerships with other organizations. Since EarthShare was created to participate in the CFC our philosophy since that beginning has been to assist the overall campaign in any way possible.

That has included founding and serving as board chair of the CFC Foundation, which manages the annual CFC Training Conference, maintains the CFC Today web site, and convenes a monthly conference call with OPM, campaign administrative organizations known as PCFOs, and federal employees that serve on the local oversight committees, called LFCCs. I also led the process to develop the first new logo for the campaign in fifty years with supporting guidelines and donated it to the campaign *pro bono* and worked with OPM on recognizing the 50th anniversary. I was appointed by John Berry to the CFC50 Commission where I worked on the critical task of reversing the decline in participation and developed the commission's proposal on that. And finally, in April this year we were selected to manage the CFC of National Capital Area, the largest in the country, as well as the CFC for New York City. However, my testimony today does not represent either of the campaigns for which we serve as PCFO, the CFC50 Commission, nor the CFC Foundation.

The mission of the CFC Commission was to ensure the "continued growth and success" of the CFC and we commend Director Berry and OPM for creating the commission and for its commitment to revitalize the CFC. With CFC participation at an all-time low, change is in order and opportunities do exist to make the CFC more efficient and effective. While there are aspects of OPM's proposed changes that are promising, we are deeply concerned that any positive impacts will be overshadowed by recommendations that will result in fewer donations that will in turn impact services to local communities, including federal workers, and their families, as charities have to cut back on service delivery.

In particular, we are in favor of and support changing the solicitation period, allowing new employees to participate, creating a disaster relief program, the expansion of universal giving that allows for donating outside of duty stations, and centralizing the national distributions, which are part of the proposed regulations.

However, there are a number of proposed regulations that go beyond the recommendations of the Commission, while other recommendations have not been addressed, including the need to do further research and testing, and the formation of a working group of federal leaders to assess all that. In addition, there is a lack of detail on proposed implementation and timelines that makes it difficult to respond to the changes in an informed manner and to suggest alternatives. Our primary concern is in three areas: loss of local ownership of the campaign, elimination of giving options, and the lack of testing and specificity regarding changing the cost recovery method for the campaign.

1. Loss of local "ownership" of the campaign.

In the current configuration, federal employee volunteers are engaged in all aspects of the campaign from hiring a local charity that manages the fundraising and promotes the campaign, to reviewing and approving local charity applications. This gives federal employees a strong sense of ownership and a stake in the success of the campaign.

The proposed regulations seek to eliminate the Local Federal Coordinating Committees (LFCCs) that provide oversight. Local charity management (PCFOs, currently under the supervision of the LFCCs) would be eliminated in favor of regional marketing organizations. This would dramatically diminish the role of local federal employee volunteers to the detriment of the campaign, and OPM would need to create the capacity to manage all fundraising, web development, processing and operations internally, and it has no experience in these areas. Such a radical reorganization of the campaign was not considered or discussed by the CFC Commission.

The most basic rule in fundraising is people give when they are asked and we all know that the campaign succeeds because it is a person to person thing, not when someone gets an email. When you ask people why they gave, the reason most often cited is because someone asked – usually a person close to the donor. The CFC has been effective over the years because it includes hands-on, peer-to-peer communication and engagement at the local level that should not be eliminated.

While we recognize the current system may benefit from efficiencies, the proposed changes seem an over-reaction. OPM has been slowly merging campaigns over the years and that evolution should continue. The recommendation of the Commission was to “improve the governance of the CFC at the local level” by improving training and OPM support, not abandon the current system, and we continue to support that recommendation.

2. Elimination of current giving options, including cash and check.

While we strongly endorse the expansion of online giving options for federal donors, we know from experience that it is a critical mistake to eliminate traditional means of giving altogether, and the CFC Commission did not recommend eliminating giving options. Many federal employees who give through the CFC do not have access to, or choose not to use, on-line giving. This is a reality for many members of the military, Postal Service employees, Park Services personnel, and others in similar settings and circumstances that are frequently without access to computers or cell phones.

In 2012, \$27 million was donated in cash while \$54 million, was donated on-line, out of a total campaign of \$257 million. We need to increase participation in the campaign, so we should expand online giving options but not eliminate other forms of charitable giving. Allowing donors to give in the method most convenient and secure *for them* is the key to donor satisfaction and increased participation. While some employees are content to give electronically, others prefer to give in other ways. Forcing people to give in a manner they are not comfortable with is not conducive to encouraging people to participate in the giving process.

3. Lack of testing and specificity regarding changing the cost recovery method.

No details have been provided on the proposed upfront and non-refundable fees for charities to participate in the campaign, including the amount of the fees and how will they will be assessed and adjusted each year. The proposal of an upfront fee, against an unknown return, and that would be non-refundable under any circumstances, including withdrawal or denial, is patently unfair. Without more information charities will be forced to make expenditures without knowing the benefits, which is bad governance. Due to the way the campaign cycles work, a charity will have to pay the fee twice before it knows if it will see any return on the investment. This is the equivalent to a college insisting on two years’ tuition fees upfront, with the possibility of rejection but no refund.

I am personally in favor of shifting the cost recovery method of the CFC to flat set annual charity fees as this recognizes a basic fact of CFC economics that all the charities receive the exact same benefit, which is exposure to federal employees for the purpose of soliciting donations. There is no rationale for percentage fees that require some charities to pay far more than others for that same benefit.

The current method of percentage cost recovery also means that larger donations get larger fee deductions even though processing costs do not vary by donation amounts. This imbalance has produced a decline in participation across all CFC regions and for many years as federal donors perceive a better value in donating to charities directly. Changing the fee structure is critical to increasing participation.

However, flat fees should be first tested at the local level before changing the entire campaign. Last year OPM tested universal giving (which allows donations outside of current duty stations) in three local CFCs, and this was a relatively benign change to the campaign with no opposition or down-side concerns. Changing the financial structure of the campaign is more far reaching and potentially disruptive so it should be developed with an equally cautious approach that does not put donations at risk.

The Commission recommendation was to develop surveys and focus groups to determine what donors want, and that "OPM should organize an ongoing working group with wide Federal department representation ... to recommend modifications to the CFC" (page 16). OPM should follow that recommendation before proceeding further on changing the fee structure.

Despite the numerous challenges, \$257 million was contributed last year by federal employees at a cost of 11%, which is outstanding by any objective measure. I believe in the power of the CFC to be a positive force for the government, federal employees and the communities where we live, work and play. I look forward to working cooperatively with OPM to continue a dialogue that ensures any changes in the current regulations will not only promote efficiency but also result in greater charitable giving and employee participation that will grow the campaign.

Thank you for your time and attention to this important matter.



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June 3, 2013

Mr. Keith Willingham
Director, Combined Federal Campaign
U.S. Office of Personnel Management
1900 E Street, NW, Room 6484A
Washington, DC 20415

Dear Mr. Willingham,

The purpose of this letter is to submit comments to the proposed changes to the Combined Federal Campaign (CFC) that were issued in RIN 3206-AM68, Proposed Rule to amend the regulations of the Combined Federal Campaign by the Office of Personnel Management (OPM) on April 8, 2013. I am writing on behalf of EarthShare and our more than 500 local and national member charities that participate in the CFC (a list of national members is attached).

We fully recognize that the CFC needs to evolve along with other sectors engaged in workplace giving. As a member of the CFC50 Commission, I was honored to be able to contribute to that process and consider options to produce the outcome that was the Commission's mandate: **to ensure the CFC's continued growth and success**. I do think that some of the proposed changes will help in that regard but am concerned that some of the changes will produce the opposite effect and severely threaten the growth of the campaign.

We are also concerned that some of the recommendations contained in the proposed rule were not included in the Commission's final report, including the elimination of the Local Federal Coordinating Committees (LFCCs), Principle Combined Fund Organization (PCFOs) and Loaned Executives (LEs), the elimination of giving options, and the establishment of non-refundable fees. It would have been very helpful for OPM to discuss implementation questions such as these either with the full commission or with some of the more knowledgeable members of the commission before publishing proposed regulation changes. Such meetings might have helped OPM gain critical support from important stakeholders and saved a lot of time and effort that has resulted from this failure to collaborate.

I will comment by section:

(1) Changing the Campaign Solicitation Period: We are in favor of moving the campaign end

EarthShare response
to RIN-3206-AM68

June 3, 2013
Page | 1

date to January 15 but would prefer that campaigns still have the option of starting on Sept. 1 of each year. That would give the federal agencies the flexibility to fit the campaign within other agency activities as needed.

(2) Immediate Eligibility: We like the concept of allowing new hires to participate immediately but are concerned that it will be very difficult for the reconciliation of pledges and distributions to have new employees enter the system after the campaign has closed. For instance, how would that affect reported campaign totals, where would the new pledge be counted?

(3) Disaster Relief Program: As outlined we think this is also problematic as the nature and location of disasters do not lend themselves to stock solutions. Given the lack of specificity in the proposed regulation, it is hard to comment further.

(4) Local Governance Structure: In the current configuration, federal employee volunteers are engaged in all aspects of the campaign from hiring a local charity to managing the fundraising, to promoting the campaign, to reviewing and approving local charity applications. This gives federal employee volunteers a strong sense of ownership and a stake in the success of the campaign.

The proposed regulations seek to eliminate the LFCCs and PCFOs in favor of regional marketing organizations. This would dramatically diminish the role of local federal employee volunteers to the detriment of the campaign. While we recognize the current system may benefit from efficiencies, the proposed changes seem an over-reaction.

Local ownership of the campaign allows local managers to use the CFC for leadership development and training as federal employees are given unique management opportunities apart from their routine duties and gain exposure to other federal agencies and community-based charities. In the private sector employers have realized that even during tough economic times, employee engagement around community, giving and volunteering is a low-cost way to create employee loyalty, connect to communities, and be socially responsible. Many CFC volunteers report that their involvement with the campaign was one of the most meaningful chapters of their federal service.

The proposed changes, including an over-reliance on technology, will eliminate much of this personal interaction. Based on what we have learned from decades of experience with the private sector and other government campaigns, this will result in less participation and substantially less giving.

(5) Electronic Donations: While we strongly endorse the expansion of online giving options for federal donors, we know from experience that it is a critical mistake to eliminate traditional means of giving altogether. Many federal employees who give through the CFC do not have access to, or choose not to use, on-line giving. This is a reality for many members of the

military, Postal Service employees, Park Services personnel, and others in similar settings and circumstances that are frequently without access to computers or cell phones.

In a recent survey conducted by the Million Dollar Roundtable, of 41 campaign regions reporting \$160 million in total pledges, the online portion was only \$53 million or 33% of all pledges, and only 6 regions reporting have online giving participation over 50%. The longest running and largest online campaign, the National Capital Area (NCA) campaign, has only 45% online giving participation.

Just as importantly, many donors give cash or one time gifts; still others write checks or use credit cards. The CFC-Overseas, which is primarily military, first piloted credit/debit card giving in 2006 but last year only had 10-11% of their revenue from that giving option. For the 2012 campaign the two largest campaigns in the country (NCA and Overseas) had 18% and 16% respectively in cash and checks, totaling over \$11m in donations. Obviously, taking away that option will have a huge impact on total giving.

We also need to increase participation in the campaign, and that will require attracting younger federal workers to the campaign. Experience indicates that it is absolutely critical to offer younger employees a strong and unified call-to-action that includes a variety of giving options that goes above and beyond a simple donation and that will deepen the emotional connection with the causes they care about.

We are also concerned about the implementation of this given the difficult experience with creating on-line giving platforms for the CFC using internal government resources. In addition, it is highly optimistic to think that the CFC can have one single platform given that the agencies have different restrictions and access. We are also unclear on who would manage this process, how it would be planned and implemented, and how it would be financed. Meanwhile, a failure to execute this correctly could have disastrous implications for charities that depend on the CFC.

(6) Training and Oversight: We do not have a comment on this section.

(7) Elimination of Paper Processes: As an environmental organization we are glad to see any government effort to reduce paper but are concerned that there are still federal employees that would prefer to use printed directories so we think the elimination should be phased in over time. In addition, having only electronic versions of the directories will disadvantage employees without computer access.

(8) Streamlining Campaign Administration: We are in favor of creating greater efficiency and transparency by reorganizing and centralizing the backroom functions and administration of the CFC. Most important to this is making the funds distribution more efficient by creating a central processing capacity. However, dismantling more than 170 local volunteer committees

that manage and promote the CFC in their communities does not make sense and eliminating those threatens the health and growth of the campaign.

If the distributions are centralized, that should reduce costs and auditing procedures so that OPM can focus on providing better support and management to the LFCCs. We think that further consolidation of these is desirable and likely, but we are concerned that too much consolidation too fast will have a negative effect. We would also like to recommend that OPM test having regional LFCCs work with multiple PCFOs as this could maintain government control while preserving local fundraising and potentially reduce government time and costs.

(9) Administrative Costs: We are in favor of shifting the cost recovery method of the CFC to flat set annual fees as this recognizes a basic fact of CFC economics that all the charities receive the exact same benefit, which is exposure to federal employees for the purpose of soliciting donations. There is no rationale for percentage fees that require some charities to pay far more than others for that benefit and by extension. Just as importantly, it is blatantly unfair that the percentage method of cost recovery means that larger donations also get larger fee deductions even though the costs to process the donations do not depend on the donation amounts.

More importantly, we recognize that this imbalance has dramatically impacted the participation rate as federal donors perceive a better value in donating to charities directly on-line rather than through the CFC. This has resulted in a decline in participation across all regions and years that can only be rationally explained by the perceived loss of value in using the CFC by federal employees. We therefore believe further that changing the fee structure is critical to increasing participation, and that the CFC should move immediately to a flat fee system and away from percentage cost recovery so that 100% of designated gifts will go to the intended charities.

However, and as stated during the commission proceedings, we believe there should be two distinct fees: The first should be a modest application fee that is intended to cover the cost of reviewing applications, and this should be assessed to unaffiliated charities as they are responsible for those costs since federated charities submit pre-qualified applications (subject to review). These would be due with the applications and should be non-refundable.

The second fee should be a Listing Fee assessed on a campaign by campaign basis and determined by dividing all costs of the local campaign not covered by application fees by the number of listed charities so that all charities (local and national) pay the same amount for being listed in each local campaign. This should be deducted from in equal installments from distributions to listed charities.

(10) Streamlined Application Process: We agree with the change to a three year process. However, we are concerned that Sections 950.202 and 950.203 now include a requirement that charities must provide documentation that it provided a "health and human service benefit",

which is at odds with language earlier in the section, and with CFC eligibility until now, that “program activities” are allowable, which is not the same. The inclusion of “program activities” as being allowable for CFC participation was not developed easily, in fact it was the result of legal and legislative actions to keep CFC diverse and responsive to employee and public interests; attempts to roll back this standard are not warranted and may unnecessarily invite further legal action.

(11) Audit of Small Charities: We agree with this change to the regulations.

(12) Oversight of Federations: We are baffled how OPM can require federations to review, screen, correct and then submit charity applications, as well as process CFC funds for its member charities, while preventing federations from charging fees to their members for these services. Given that any charity has the option to apply unaffiliated to the CFC, the decision to join a federation, and whether or not to pay that federation fees for its services, seems to be a business to business decision that should not require interference from OPM. Given that concerns connected to federations were never discussed by the full CFC50 Commission, we are left wondering what problem OPM seeks to address with this change to the regulations.

We are also concerned that OPM does not seem to understand or appreciate role of federations in the campaign, or our long history of serving the campaign by reviewing, correcting and processing applications, correctly processing distributions and donor information, training member charities to support the campaign with speakers and event attendees, and managing the annual training workshop and national support web site.

(13) Payroll Deduction Disbursements: As stated above, we are in favor of centralizing the charity distributions. However, that can be difficult with 25,000 charities in the campaign, and given that the federations serve as “the central receipt and accounting point” for their members, the CCA should first be sending distributions to the federations for their members, and then to the unaffiliated charities. Federations have a long history of supporting the CFC and they have experience and expertise in workplace giving that benefits the campaign. Paying member charities directly will undermine this support and there is no history that suggests that unaffiliated charities can or will provide any assistance or support.

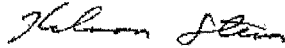
In addition, regarding the CCA, we are concerned that the proposed regulations stipulate that it be a tax-exempt 501(c)(3) but not one that participates in the CFC, and furthermore that failure to secure one would mean that no solicitation takes place, meaning there would be no CFC. Accordingly, we are concerned that there are very few non-profits that have the scale, expertise and understanding of the CFC to perform these functions yet do not participate in the campaign, and failure to find one would be disastrous. We also do not understand the prohibition on the CCA also being in the CFC as the charity in this position would not have any ability to promote their interests contrary to the regulations since the CCA would not be managing the promotion of the campaign.

As stated above, we are supportive of OPM's plans to modernize the campaign, decrease costs, increase accountability, and most importantly, improve the value proposition of the CFC for federal employees. However, we are concerned that this plan goes too far too fast and that the impact of such radical change will be devastating to overall donations and that we will not achieve the objective of "ensuring the CFC's continued growth and success".

The CFC serves a critical role for American charities as it provides annual unrestricted support net of costs, and there is nothing comparable. Without funding charities can no longer offer services, and if charities aren't providing services, government programs will be taxed more heavily. We therefore hope that OPM will proceed with caution before putting \$258 million in annual donations at risk; too much depends on getting this right.

We therefore respectfully ask OPM to not proceed with eliminating the LFCCs and PCFOs and to rather work with representatives of both to craft an implementation plan that achieves improvements in costs and accountability without putting CFC donations at risk. We also request that OPM not eliminate any forms of giving and instead develop a plan to increase on-line donations while retaining other donation options for employees that want or need them. Finally, we request that OPM be more explicit with the federal employees and participating charities about the size of potential fees for national and local charities, the process for determining those, and how they will be used, before proceeding.

Yours truly,



Kalman Stein
President & CEO

Member Charity list attached

EarthShare National Members 2013

African Wildlife Foundation	Keep America Beautiful
Alaska Conservation Foundation	Land Trust Alliance
Alliance to Save Energy	League of Cons. Voters Education Fund
Amazon Conservation Team	Leave No Trace
American Farmland Trust	LightHawk
American Forests	National Aquarium in Baltimore
American Rivers	National Audubon Society
American Solar Energy Society	National Environment & Education Foundation
Arbor Day Foundation	National Fish and Wildlife Foundation
Bat Conservation International	National Forest Foundation
Beyond Pesticides	National Parks Conservation Association
Carbonfund.org Foundation	National Wildlife Federation
Center for Health, Environment & Justice	Natural Resources Defense Council
Clean Water Fund	The Nature Conservancy
The Conservation Fund	NatureServe
Conservation International	Oceana
Defenders of Wildlife	Ocean Conservancy
Earth Day Network	The Peregrine Fund
Earth Island Institute	Pesticide Action Network
Earthjustice	Physicians for Social Responsibility
EARTH University Foundation	Rails-to-Trails Conservancy
Earthworks	Rainforest Alliance
EcoHealth Alliance	Restore America's Estuaries
EcoLogic Development Fund	River Network
Environment America	Rocky Mountain Institute
Environmental Defense Fund	SeaWeb
Environment and Energy Study Institute	Scenic America
Environmental Law Alliance Worldwide	The Sierra Club Foundation
Environmental Law Institute	Student Conservation Association
Food & Water Watch	Surfrider Foundation
Forest Service Employees	Sustainable Harvest International
Forest Stewardship Council-US	The Trust for Public Land
Friends of the Earth	The Wilderness Society
Friends of the National Zoo	WILD Foundation
Galapagos Conservancy	Wildlife Conservation Society
Green America	World Resources Institute
Green Corps	World Wildlife Fund
Institute for Trans. & Development Policy	Union of Concerned Scientists
Izaak Walton League of America	Xerces Society
Jane Goodall Institute	Yellowstone to Yukon Conservation Initiative



Charity Response to Proposed Changes to the Combined Federal Campaign (CFC)
May 23, 2013

The CFC was established by Executive Order by John F. Kennedy and reaffirmed by every administration since. The CFC's objectives as stated in Executive Order 12404 are:

"... to lessen the burdens of government and of local communities in meeting needs of human health and welfare; [and] to provide a convenient channel through which Federal public servants may contribute to these efforts..."

In 2011 the Office of Personnel Management convened the CFC50 Commission to develop recommendations to strengthen

"... the integrity, the operation and effectiveness of the Combined Federal Campaign to ensure its continued growth and success".

On behalf of the thousands of national and local charities we collectively represent we commend the Office of Personnel Management (OPM) for its commitment to revitalize the CFC. The ongoing success of the CFC is critical to thousands of local, national and international charities that rely on the financial contributions of federal employees to provide charitable programs and services that are needed more than ever in light of federal budget cuts.

While there are aspects of OPM's proposed changes that are promising, we believe strongly that any positive impacts will be overshadowed by recommendations that will result in fewer charities able to participate, and decreases in support for those that do. This will in turn impact services to local communities, including federal workers, and their families, as charities have to cut back on service delivery.

For over three decades our organizations - or the members of our coalitions - have been strong partners with the CFC. Our staff and member charity volunteers have been instrumental in helping federal employees make educated decisions about giving. In partnership with federal employee volunteers and federal agencies, we have helped grow the CFC and make it the nation's premiere and the world's largest employee workplace giving campaign. As charity participants in the CFC ourselves, we have given significant time, expertise and funding for many years to make possible the work of the CFC Foundation, including managing the annual training workshops for federal employees and campaign managers.

Our primary concern is that the draft regulations call for sweeping changes to the campaign, but lack specificity, which could lead to unforeseen impacts. This puts the largest workplace giving campaign in the world at risk at a time when charities are already vulnerable. We outline our major concerns below. The lack of detail on proposed implementation and timelines also makes it very difficult to respond to the changes in an informed manner, and to suggest alternatives. For these reasons, we call on OPM to hold on implementation of any of the proposed changes and to reconvene with all major stakeholders for a fresh discussion of challenges and a fresh approach to solutions.

1. Loss of local "ownership" of the campaign.

In the current configuration, federal employee volunteers are engaged in all aspects of the campaign from hiring a local charity to managing the fundraising, to promoting the campaign, to reviewing and approving local charity applications. This gives federal employee volunteers a strong sense of ownership and a stake in the success of the campaign.

The proposed regulations seek to eliminate the Local Federal Coordinating Committees (LFCCs) that provide oversight. Local charity management (PCFOs, currently under the supervision of LFCCs) would be eliminated in favor of regional marketing organizations. This would dramatically diminish the role of local federal employee volunteers to the detriment of the campaign, as control would instead be placed with OPM in Washington, DC. While we recognize the current system may benefit from efficiencies, the proposed changes seem an over-reaction.

Local ownership of the campaign allows local managers to use the CFC for leadership development and training as federal employees are given unique management opportunities apart from their routine duties and gain exposure to other federal agencies and community-based charities. In the private sector employers have realized that even during tough economic times, employee engagement around community, giving and volunteering is a low-cost way to create employee loyalty, connect to community and to be socially responsible. Many CFC volunteers report that their involvement with the campaign was one of the most meaningful chapters of their federal service.

The proposed changes, including over-reliance on technology, will eliminate much of this personal interaction, which we know from decades of experience will result in less participation and substantially less giving.

2. Major Changes with Lack of Organizational Details and Timelines

The proposed CFC regulations lack specificity on numerous critical operational details. These include:

- No details have been provided on the proposed upfront and non-refundable fees for charities to participate in the campaign, including the amount of the fees, how will they will be assessed and adjusted each year, and who will collect and process them. With the added time and expense involved in invoicing and collecting the upfront fees, we are concerned this will increase administrative costs of the campaign, make those costs opaque to the donor, and pass the burden on to the charities. Our member charities are also concerned that the upfront fee will increase their cost of fundraising.
- There is also a concern that OPM intends to use fees from charities to supplement its budget for CFC operations. Even if it staffs up and streamlines the application process, OPM does not have the capacity to review more than 25,000 charity applications each year. This is where federations play a key and cost effective role in keeping the campaign accountable to donors.

- There are no details on how a central processing web site is going to be built, by who, when, who will be paying for it, and by what means. Given that OPM has struggled with the various payroll processors over the years, there is little evidence that the agency can accomplish this.
- Processing and tracking pledges made by new hires outside of the campaign period sounds good on the face of it, but would require constant reconciliations between pledges and payroll deductions, and thus present a burden on efficiency
- OPM plans to directly hire local fundraisers in each CFC market yet it has no experience in managing fundraising professionals.

3. Elimination of current giving options, including cash and check.

While we strongly endorse the expansion of online giving options for federal donors, we know from experience that it is a critical mistake to eliminate traditional means of giving altogether. Many federal employees who give through the CFC do not have access to, or choose not to use, on-line giving. This is a reality for many members of the military, Postal Service employees, Park Services personnel, and others in similar settings and circumstances that are frequently without access to computers or cell phones.

In a recent survey conducted by the Million Dollar Roundtable (MDRT), of 41 campaign regions reporting \$160 million in total pledges, the online portion was only \$53 million or 33% of all pledges, and only 6 regions reporting have online giving participation over 50%. The longest running and largest online campaign, the National Capital Area (NCA) campaign, has only 45% online giving participation.

Just as importantly, many donors give cash or one time gifts; still others write checks or use credit cards. The CFC-Overseas, which is primarily military, first piloted credit/debit card giving in 2006 but last year only had 10-11% of their revenue from that giving option. For the 2012 campaign the two largest campaigns in the country (NCA and Overseas) had 18% and 16% respectively in cash and checks, totaling over \$11m in donations. Obviously, taking away that option will have a huge impact on total giving.

We also need to increase participation in the campaign, and that will require attracting younger federal workers to the campaign. Experience indicates that it is absolutely critical to offer younger employees a strong and unified call-to-action that includes a variety of giving options that goes above and beyond a simple donation and that will deepen the emotional connection with the causes they care about.

4. Administrative Burden and Risk for Charities

The proposal of an upfront fee, against an unknown return, and that would be non-refundable under any circumstances, including withdrawal or denial, is patently unfair. Without more information charities will be forced to make expenditures without knowing the benefits, which is bad governance. Due to the way the campaign cycles work, a charity will have to pay the fee twice before it knows if it will see any return on the investment. This is the equivalent of a college of insisting on two years' tuition fees upfront.

An upfront fee will also require many charities to seek board approval, increasing the administrative and planning burden on them. OPM's proposal to not set the fee until October 31 each year makes it impossible for charities to budget in advance.

In short, the proposed upfront fee is directly counter to the goal stated in the Executive Order creating the campaign, "*to lessen the burdens of government and of local communities in meeting the needs of human health and welfare*".

In summary, we ask OPM to take a step back and seriously consider the long term impact of the proposed regulations. The undersigned represent federations, who are registered and tax-exempt 501(c)(3) participants in the campaign, were formed by their member charities to represent their interests in the highly specialized field of workplace giving. We have extensive experience in employee engagement and workplace giving outside of the federal workplace.

We recognize that the CFC has some flaws, and with participation at an all-time low, we understand that change is needed. However, the campaign currently raises comfortably over \$250 million annually, with only a 10% overhead. We believe efficiencies can be introduced that fine tune existing processes, rather than overturn multiple aspects of the campaign all at once. This fine tuning can be accomplished without placing burden and risk on charities that choose to apply to the campaign. For example, efficiencies could be made by training certified volunteers to serve as intermediaries between the LFCC and PCFO; with a focus on tracking the campaigns that raise the majority of money.

We want to work cooperatively with OPM to begin a fresh dialogue that ensures any changes in the current regulations will not only promote efficiency but also result in greater charitable giving and employee participation and will grow the campaign.

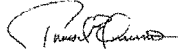
Steven Delfin, President & CEO, America's Charities



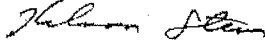
Thomas Youngblood, President & CEO, Christian Service Charities



Thomas Bognanno, President & Chief Executive Officer, Community Health Charities of America



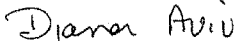
Kalman Stein, President & CEO, EarthShare



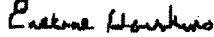
Scott Jackson, President & CEO, Global Impact



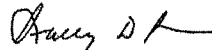
Diana Aviv, President and CEO, Independent Sector



Ersine Hawkins, Secretary of the Board of Directors of the National Black United Fund, Inc.



Stacey Stewart, U.S. President, United Way Worldwide



Neal Denton, Senior Vice President and Chief Governmental Affairs Officer, YMCA of the USA



Mr. FARENTHOLD. Thank you, Mr. Stein.
 We will now go to Ms. Debby Hampton, the President and CEO of the United Way of Central Oklahoma.

STATEMENT OF DEBBY HAMPTON

Ms. HAMPTON. Chairman Farenthold, Ranking Member Lynch and members of the subcommittee, thank you for allowing me to testify today in the hearing of the Combined Federal Campaign.

I am here today to express United Way's concerns about OPM's proposed changes to the CFC. United Ways are the PCFO's for more than 80 percent of the approximately 150 individual CFC, working with LFCCs to manage more than half of the approximately \$265 million raised annually.

In 2012, Central Oklahoma CFC raised \$3.2 million. We solicited over 35,000 Federal employees; 9,100 chose to give to 1,500 charities. But more importantly, those charities helped tens of thousands of individuals and families throughout Central Oklahoma, including Federal employee families.

The United Way network has a longstanding relationship with OPM, and while in partial disagreement with OPM's proposals, we are confident that United Way and OPM will continue to have a strong, productive partnership for years to come. Some modest reforms may be needed to sustain the integrity and operational strength and effectiveness of the CFC. But our view is that this regulatory process needs to start from the beginning to ensure meaningful involvement by organizations with greater expertise in workplace charitable giving.

There are several specific recommendations that we believe undercut the CFC's operational effectiveness and integrity. Three main examples of that, first being elimination of local involvement in favor of a limited number of regional coordinated committees and central campaign administrators. Second, charging charities a non-refundable, up-front fee to participate. And third, shifting to an internet-only campaign.

Among the changes that I just mentioned, the most damaging and destructive would be the disconnection of CFC from local engagement and the transfer of local campaigns to a regional administration. As a result of this, Federal employees would no longer be able to make well-informed decisions on how they support charities in their communities, not only monetarily, but as they volunteer. CFC decisions would then be outsourced to a regional authority without regard to unique needs of individual communities.

There is a story I would like to share with you that happened and really relates to the importance of the local involvement. Early in the morning after May 20th, tornadoes devastated Moore, Oklahoma. I received an email from the executive director of the Federal Executive Board. The email was a request for United Way to compile a list of charities that were assisting or would be assisting in the aftermath of the tornadoes. We wanted that request, so a special solicitation of funds could be made by Federal employees. By 10:45 a.m., our staff had compiled and sent that list to our CFC operations. By 3:48 p.m., the following day, only 29 hour later, we received our approval letter.

This coordination between our two organizations demonstrates an important benefit of the Combined Federal Campaign. The relationship and trust we have built through 30 years with the CFC allowed us to work quickly in Oklahoma's most important hour of need. It makes no sense to replace a local-based CFC with an ineffective, generic campaign, run by an outsourced fund-raising, marketing person who really doesn't even know what is important to our local donors.

Another ill-informed change would require that charities be charged a fee in order to receive donations. Of the 1,500 charities that received funds from the CFC of Central Oklahoma in 2012, 1,200 of them received \$2,000 or less. So imagine the impact of a \$500 to a \$1,000 fee on our charities. I predict it would discourage about 40 percent of the local charities from participating in the CFC.

Additionally, the proposed changes would eliminate any kind of paper form of donation and only electronic donations would be allowed. From our experience with the United Way's annual campaign, we had a large corporation that chose to do that very same thing. The first year that they ran an online-only giving campaign, they lost 61.5 percent of their total campaign giving. Even three years later, we are still trying to make up, and have lost over half of that original giving when they offered both the paper donations as well as the online.

You need to realize that there are people that do not trust doing anything financial online. They would rather have the paper donation form, and we need to keep that option.

Mr. Chairman, in conclusion, United Way requests that Congress instruct OPM to go back to the drawing board on these proposed regulations and that they work with United Way and other charities who can provide expertise and guidance in crafting CFC reforms that will create efficiencies and more importantly, deeply engage Federal workers in the CFC.

Thank you.

[Prepared statement of Ms. Hampton follows:]

**Testimony of Debby Hampton
President and CEO, United Way of Central Oklahoma**

The Combined Federal Campaign: Making Every Dollar Count

**The United States House of Representatives
Committee on Oversight and Government Reform
Subcommittee on the Federal Workforce, U.S. Postal Service and Census**

June 26, 2013

Chairman Farenthold, Ranking Member Lynch, Members of the Subcommittee, thank you for allowing me to testify at today's hearing on the Combined Federal Campaign (CFC). The CFC is a critical component of the work of charities across the United States.

Thousands of local charities rely on the generosity of federal workers who give back to their communities through the CFC. Millions of Americans are lifted up by nonprofit services that are possible because of the CFC. The CFC allows federal workers to participate in the American tradition of philanthropy, while strengthening their connection to the communities in which they work.

The Office of Personnel Management (OPM) has proposed dramatic changes to the CFC. Because the CFC is so critical to scores of communities across the country, I am pleased that the Subcommittee is examining the ramifications of these proposed changes.

I am here today to testify about OPM's proposed changes to the CFC on behalf of my United Way, the United Way of Central Oklahoma, and the entire United Way network in the United States comprised of more than 1,200 individual United Ways located in virtually every city, town and community in the nation.

Mr. Chairman, United Way Worldwide's U.S. President, Stacey Stewart, submitted extensive comments to OPM regarding the proposed regulations during the public comment period. I have provided a copy of those comments to this Committee and I ask that those comments be incorporated into my testimony by reference.

The CFC has played an important role in supporting strong communities across America in the last 50 years, and United Way has been a cornerstone partner right from the start, complementing the impact of CFC with our effort to advance the common good by improving education, financial stability and health.

Today, CFC is the single largest workplace campaign in the country and United Way is the largest fundraising organization, raising over \$3.4 billion annually in the United States through workplace campaigns like the CFC. United Ways are the Principal Combined Fund Organizations (PCFOs) for more than 80% of the approximately 150 individual CFCs, working with Local Federal Coordinating Committees (LFCCs) to manage more than 50% of the \$265 million raised annually through all CFCs.

In 2012, the Central Oklahoma Combined Federal Campaign raised \$3,208,069, which makes it the 14th largest campaign. These funds were distributed to approximately 1,490 charities. Our campaign solicits 35,515 federal employees and there were 9,110 donors. The majority of our

donations, 94%, are made as payroll deductions or cash contributions. The United Way of Central Oklahoma has been the Principal Combined Fund Organization for the CFC of Central Oklahoma for over 30 years.

The United Way of Central Oklahoma has a long history and a great working relationship with our federal community. The goal of the United Way network as part of CFC is to build and strengthen the CFC so it can continue to fuel America's philanthropy for the next 50 years.

Some of OPM's proposed changes to the CFC arose from recommendations from the CFC-50 Commission established by OPM to advise OPM on the CFC. United Way is concerned about the CFC-50 to the extent United Way – the largest CFC partner by far – was not meaningfully included in the process. The CFC-50 included two mid-level local United Way employees. While good-intentioned and knowledgeable about some aspects of the CFC, these United Way employees did not have the authority or ability to represent the United Way network's perspective. Our understanding is that these United Way employees did not themselves believe they were representing United Way's point of view as they participated in the CFC-50.

If an Executive Branch agency talked to two mid-level staffers in rank-and-file Congressional offices about a proposed regulation, it could hardly claim that Congress has endorsed the proposed regulation. That is the case here, as well; the involvement of two of United Way's 9,000 employees does not indicate United Way's endorsement of the CFC-50 recommendations.

Notwithstanding the CFC-50 process, the most disconcerting aspect to the regulations proposed by OPM is how far they go beyond the CFC-50 recommendations. For example, the CFC-50 Commission recommended consolidating some of the "back-office" processing. Instead, the OPM proposed regulations that drastically reduce local involvement in the CFC – a proposal that could devastate the CFC.

The stated goals of the CFC-50 commission were laudable and had OPM informed or included United Way's headquarters organization, United Way Worldwide, in the selection process for United Way participation on the Commission, I am confident that many of the CFC-50s recommendations would have better reflected the best thinking of our network's vast experience in finding efficiency without having it come at the cost of fundraising effectiveness.

It is not too late for us to work together for the benefit of the local communities supported by the CFC. We have a long-time positive working relationship with OPM and while in partial disagreement with OPM's proposals, we are confident United Way and OPM will continue to have a strong, productive partnership for years to come.

Our goal here today is to ensure that OPM's recommendations sustain the integrity, operational strength and effectiveness of the CFC. That may require reforms to sustain the quality of funded organizations, ensuring effective management of cost-benefit equations, and continued engagement of the federal workforce. But our view is that this process needs to start from the beginning to ensure meaningful involvement by organizations with greater expertise in workplace charitable giving.

There are several specific recommendations that we believe undercut the CFC's operational effectiveness and integrity which will ultimately harm the charitable sector and negatively impact the federal employees who give.

For example,

- Elimination of the LFCCs and the PCFOs in favor of a limited number of Regional Coordinating Committees and Central Campaign Administrators, which de-personalizes the CFC and denies federal workers the high level of customer service they expect and deserve;
- Charging charities a non-refundable, up-front fee to participate, which will increase the charity dropout rate and result in donor dissatisfaction, lower contribution rates and ultimately, a less effective CFC;
- Shifting to internet-only campaigns, which will negatively impact those federal employees whose workplace is not conducive to a paperless campaign, including military, postal, Park Service, TSA, ICE and Border Patrol personnel.

Instead of fostering federal employees' connection to their communities and increasing charitable giving, the proposed changes will undermine the CFC in the name of efficiency.

Among the changes I just mentioned, the most damaging would be the disconnection of the CFC from local engagement and the transfer of local campaigns to regional administration. As a result of the proposals, federal employees will no longer be able to make well-informed decisions about how they can support charities in their communities. CFC decisions will be outsourced to a regional authority without regard to the unique needs of individual communities.

There is one story I need to share with you from our recent experience that demonstrates the importance of local involvement of the federal and nonprofit communities in the Combined Federal Campaign.

Early in the morning after the May 20th tornadoes devastated Moore, Oklahoma, I received an e-mail from the Executive Director of the Federal Executive Board of Oklahoma who is a deeply appreciated member of our Local Federal Coordinating Committee. The e-mail was a request for United Way to compile a list of charities that are or will be assisting in the aftermath of the tornadoes so that we could request a special solicitation of funds from federal employees. By 10:45am, our staff had compiled and sent a list of charities to our contact at CFC Operations. By 3:48pm the following day, only 29 hours later, we received our approval letter. While any list of charities involved in disaster recovery will be partial, this list comprised several important local charities that are leading the recovery effort. Some are United Way partner agencies, some are not.

This coordination between our two organizations demonstrates an important value-added benefit of the Combined Federal Campaign. The relationship and trust we have built through working on the CFC allowed us to work quickly in this moment of need.

Nonprofit work in general, and fundraising in particular, relies on relationships. The proposed move to a regional campaign compromises the most integral component of its success: the relationships and trust we have built between local members of the federal and nonprofit communities.

Removing local federal employees from their leadership role in planning their local campaign removes a key element contributing to the success of the CFC, the vested interest in success that comes from local ownership. The potential for ending up with an ineffective, generic campaign run by an

outsourced fundraising/marketing person who really does not know what is important to the local donors is too high a risk to the success of CFC's next 50 years.

Another ill-informed change would require that charities be charged a fee in order to receive donations through the CFC. This is designed to give employees the impression that there is no cost associated with distribution of charitable gifts to a community. In fact, Mr. Chairman, you will not be surprised to hear that there is a cost associated with operating a charity. This proposal does not shift the cost, it just hides it. This is contrary to our experience that donors value transparency and accountability from charities. All this proposal will do is preclude the participation of some charities in the CFC and undermine trust between charities and federal workers.

Because there has been no guidance as to how much the proposed fee would cost the charities, we have been left to speculate. There are estimates anywhere between \$500 to more than \$1,000. Please consider how a fee of this amount would impact our local campaign.

There are 1,490 charities that received funds from the CFC of Central Oklahoma in 2012. Of those charities, about 1,200 received \$2,000 or less. While most of these charities are national or international and can receive funds from CFCs nationwide, 77 of these charities receiving less than \$2,000 are only in the CFC of Central Oklahoma. Consider the impact of a \$500 to \$1,000 fee on our charities. I predict it would discourage about 40% of the local charities from applying to know that up to half of their donations would go to offset an application fee.

Additionally, the proposed changes would prematurely eliminate any paper form of donation; only electronic donations would be allowed. "Going green" is a worthwhile and often cost-reducing endeavor but going completely paperless in CFC limits donor options and will alienate many donors who either cannot or will not participate if their only option is to participate by electronic means. Electronic campaigns are also impersonal and uninspiring, which will drive even more donors away from CFC. Only about 1/3 of CFC participants currently give through electronic means. A premature shift to only electronic giving will drive away large number of CFC donors.

From our experience with electronic giving in United Way workplace campaigns in central Oklahoma, I can attest to the steep drop in donations that can result from a switch to a 100% online campaign. One local campaign that switched to online giving lost 61.5% of its campaign in the first year. Even after three years of this online system with a workforce that has access to computers, we still raise less than half of what we did prior to the switch to online giving. While this is not necessarily typical, it is one possible outcome for the CFC if the proposed regulations are accepted. Additionally, please know that in our most recent campaign, only about 6% of our donations came through e-giving. Online giving can provide great benefits but it should not be seen as a panacea. It reduces paper costs and adds some process efficiencies, but some donors prefer a paper pledge card and choose not to donate online.

Ultimately, contributions through the CFC will decline to the detriment of the people who rely on the assistance of charities.

The success of the CFC has rested on the local nature of the donations and decisions. Locally-based federal workers manage each campaign on behalf of their community, increasing federal workers' connection to and investment in the place they live.

I would be remiss if I failed to recognize that there are proposals that United Way supports or that have promise. Specifically, we support proposals that,

- Allow for a streamlined application process for organizations that have met the requirements for participation in CFC in prior years;
- Increase electronic donation options and encourage green initiatives to increase operating efficiency and reduce costs;
- Provide for expanded participation with immediate eligibility and retiree campaigns.

As the CEO of a United Way in the midst of helping my community recover from a major natural disaster, please allow me to make a few observations about OPM's proposed disaster relief program. On the surface, this proposal appears to be of great value because it would allow OPM to respond quickly by soliciting donors while the disaster is top of mind. However, the proposal is vague and whether it would be effective depends on the answers to some questions. For example,

- If the disaster relief campaign is run as a second campaign (e.g. if the disaster happens outside the annual campaign period), would every PCFO be required to set-up and track the campaign separately?
- Would the disaster relief campaign require that all the contributions go to one or a small, select group of organizations? If so, donors may be less willing to participate unless the recipient organization(s) are announced in advance.
- Would this be available for only presidentially declared disasters or could local CFCs implement one for a local only disaster?

Ultimately, the devil is in the details on this recommendation so we advise proceeding with caution before implementation. First, talk to federal workers to inform them of the various approaches (and related costs) that might be offered, then ask them to offer their informed opinions. Engaging them in part of the planning process can only serve to increase ownership and future participation.

Mr. Chairman, in conclusion, United Way is deeply concerned that OPM's proposed changes would undermine the CFC in the name of efficiency and would disregard OPM's stated goal of ensuring "its growth and success."

United Way requests that Congress instruct OPM to go back to the drawing board on these proposed regulations and that they work with United Way and other charities who can provide expertise and guidance in crafting CFC reforms that will create efficiencies AND more deeply engage federal workers in the CFC.

Thank you.

Mr. FARENTHOLD. Thank you very much.
We will now go to Mr. Berger from Charity Navigator.

STATEMENT OF KEN BERGER

Mr. BERGER. Chairman Farenthold, Ranking Member Lynch and members of the Subcommittee, thank you for this opportunity to share my thoughts on the proposed regulation changes to the CFC program.

Although I was a member of the CFC 50 Commission, I am most interested in commenting on these changes from my viewpoint as a donor advocate and leader of the charity watchdog organization, Charity Navigator. Charity Navigator has as its mission to be a guide to intelligent giving for donors to charities of every kind. We achieve this by operating a website where we rate the performance of charities, as well as provide a wide variety of resources.

In 2012, we had 6.4 million visits to our website and influenced billions of dollar of U.S. charitable donations. Therefore, we believe we are the largest charity rating service in the world.

However, today I am not expressing the official views of Charity Navigator on these matters, since the organization hasn't taken any position. Rather, I am speaking based upon my own independent perspective and experience. Quite a few of us on the CFC 50 Commission expressed the fundamental belief that OPM shouldn't simply have a static list of recommendations and then consider the work done.

Instead, we recommended that OPM develop a continuous improvement process that engages Federal employees ongoing. This involves creating a working group made up of a representative sample of Federal employees that would be consulted continuously by OPM regarding changes being considered over time, as well as a vehicle for employees to initiate new ideas to be considered.

However, I have seen no record of this and I fear that if the CFC doesn't have such a baked-in process to its design, the long-term viability of the program will be in jeopardy.

I am also extremely concerned that many of the proposed changes don't reflect any plan to pilot test or conduct further data analyses. The need for this is critical to the integrity of the program, to meet the growing concern for transparency and accountability, as well as best practices of securing ongoing donor feedback.

Of the 13 OPM proposed actions that require regulatory changes, there are 6 with which I am not in full agreement. First, regarding the proposal to charge all charities an application fee to participate. Eighty-three percent of charities in the United States are \$1 million or less in size. But the proposed change biases the program toward larger non-profits. If the application fee is substantial, it is likely that the bigger charities will end up covering much less of the overall cost of the CFC program. On the other hand, the added cost up front could be enough to discourage many smaller charities from participating at all.

In addition, the premise that this change will shift the costs of the program from donors to charities is bogus. For most charities, unrestricted money from donors is what is going to pay for the up-front fee. So it is still donors' money that is being used.

Second, I agree with the concern that any move to eliminate non-electronic donations is likely to reduce the number of employees who participate, as well as the overall amount of money raised each year. Third, I believe the proposal to move to regional committees has valid arguments on both sides, but it needs to be pilot-tested to see where a good balance can be struck.

Fourth, I agree with concerns about OPM's plan to eliminate printing of various campaign materials and making them available only via electronic means. This change should only occur in locations where electronic data is easily accessible to all Federal employees. Further research and pilot testing, once again, is required.

Fifth, it is being proposed that every few years, charities already in the program would be asked for a more limited set of documents. Charities that get large amounts of program funding each year shouldn't have this annual requirement lifted.

Sixth, OPM is proposing to waive the order requirement for organizations with annual revenues less than \$250,000. If a charity gets a sizeable amount of money from the CFC each year, it should be required to conduct an audit, regardless of its size.

I believe the other seven proposed changes are good ones that will help OPM to improve its oversight of the program.

In conclusion, I know that the generosity of the Federal workforce is enormous, and OPM has a vitally important responsibility to help ensure that every charitable dollar raised is used effectively. My sense of the CFC leadership is that they sincerely want that to happen. I hope it does, so many more people receive the vital help they need. That is what matters most.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions from you or the subcommittee. Thank you.

[Prepared statement of Mr. Berger follows:]



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**Testimony Before the Subcommittee
on Federal Workforce, U.S. Postal
Service and the Census, Committee
on Oversight and Government
Reform, House of Representatives**

For Release on Delivery
Expected at 10:00 a.m. EDT
Monday, June 24, 2013

**A Donor Advocate's
Perspective on the
Proposed Office of
Personnel Management
Changes to the
Combined Federal
Campaign (CFC)**

**Statement of Ken Berger,
President & CEO, Charity Navigator**

Chairman Farenthold, Ranking Member Lynch and members of the subcommittee:

Thank you for this opportunity to share my thoughts on the OPM proposed regulation changes to the CFC program. In particular I was asked to comment on these proposed changes from the perspective of a donor advocate and watchdog.

I am the President & CEO of Charity Navigator. Charity Navigator is a charity watchdog group and charity rating service. Our mission is to be a "guide to intelligent giving" for donors to charities of every kind. We accomplish this mission by operating a web site where we rate the performance of charities, as well as provide a wide variety of resources to help charitable givers/social investors make the best decisions and direct their precious donations to the highest performing nonprofits. Last year we had over 6 million visits to our web site and estimate that we influenced approximately \$10 billion dollars of charitable donations made by the amazingly generous American public. Therefore, we believe we are the largest charity rating service in the world today. We also speak out in the public square on charitable giving issues and the nonprofit sector as a whole, from the donor's perspective.

However, today I am not expressing the official views of Charity Navigator on these matters, since the organization has not taken any such position. Rather, I am speaking based upon my independent perspective which is informed by many years of experience running charities, my five years having the privilege of helping to lead Charity Navigator, as well as my personal experience as a donor to charities. In particular I will try and express a perspective that is sensitive to the concerns of donors and how I believe the OPM proposed changes to the CFC program will impact them if approved.

Overall Concern: **Better Data Needed to Inform Future CFC Decisions**

The CFC-50 Commission was made up of a broad group of experts from across the government as well as the charitable sector. My overall concern about the CFC program was made by a number of commission members, at various times, during our roughly one-year tenure leading up to our commission report (submitted in July of 2012).¹ We argued strenuously that OPM should not simply have a static list of recommendations 50 years into the CFC program and then consider the work done. Instead, we recommended that OPM develop a continuous improvement approach that engaged federal employees on an ongoing basis.

This approach should involve creating a working group made up of a representative sampling of federal employees that would be consulted ongoing by OPM regarding the CFC program and changes being considered over time. I believe it should also be a vehicle for federal employees to initiate new ideas and recommendations for OPM to consider. In addition, I and a number of other commission members urged OPM to institute a system of conducting ongoing surveys, throughout the federal employee workforce. As OPM already sends out a Federal Employee Viewpoint survey to most federal workers periodically, this could be an excellent vehicle to get feedback on the CFC program in general (with questions such as "Did you donate to CFC this year, and if

¹ CFC-50 Commission, Federal Advisory Committee Report on the Combined Federal Campaign (<http://www.opm.gov/combined-federal-campaign/cfc-50-commission/2012-report.pdf>), July 2012

not, why not?"). The survey could also solicit federal employees' reactions to new CFC policies and systems to determine if employees view them as working well, and if that is found not to be the case, OPM would make course corrections as needed. This would entail implementing a much more data driven decision making process where pilot testing of new ideas could be the first step toward incremental change over time. I am glad to see that at least the idea of surveys is reflected in our report.² However, I see no record of the recommendation that was made to create this ongoing federal employee working group. This was the most important recommendation of all for some of us.

Everything that follows in my testimony is shaped by the aforementioned recommendation. I remain fundamentally concerned that many of the proposed regulations are "static" and do not indicate any intention of pilot testing and further data analysis. Thus, rather than an objective assessment over time on the pros and cons of different recommendations, the OPM proposed regulations are in some cases based solely on anecdotal evidence and individual member viewpoints (including my own). I believe this was in part due to the very tight time frame we had to get to a final report, as well as the limited resources OPM had available to supply such data to us. However, the need for such a process is critical to the integrity of the CFC program to meet the present day heightened concern for transparency and accountability, as well as best practices of securing ongoing constituent feedback. Therefore these steps should become standard practice going forward.

At the same time, I believe that Keith Willingham (Director of the CFC and designated federal official) as well as The Honorable Tom Davis and The Honorable Beverly Byron, led the proceedings of the CFC-50 Commission with an open minded attitude and listened carefully to the members' ideas. Yet, what is reflected in the OPM proposed regulatory changes do not mirror those same ideas. I remain hopeful that the explanation for this apparent disconnect relates to actions requiring regulation and those that do not. However I urge the subcommittee to review the entire set of CFC-50 Commission recommendations, as well as the notion of an ongoing federal employee working group, with OPM to find out what it is and is not planning to implement.

Now on to the four issues that have been raised regarding the OPM proposed regulations:

1. Administrative Costs: All Charities Pay an Application Fee

During the CFC-50 Commission deliberations I made the point that the vast majority of charities in the US (approximately 83%) are less than \$1 million in annual revenues.³ As a result, I expressed the warning that this proposed regulation will bias the CFC program toward the larger nonprofits that do not represent the profile of the majority of charities. Whereas currently, at least to some degree, all the charities share the burden because there is a percentage deducted from the CFC donations to cover program costs, under the proposed changes an application fee would be given to all charities up front. This application fee would be charged regardless of the amount of money the charity received from the campaign. Depending on how much the application fee would be and whether the percentage system would still be in place to some degree is unclear, we have no

² Ibid.

³ Taking this a step further, data also indicates that roughly 45% of all US registered nonprofits are less than \$100,000 in annual revenues. See highlights of the Urban Institute 2012 report – [The Nonprofit Almanac](http://nccsdataweb.urban.org/NCCS/extracts/nonprofit Almanac/verpdf.pdf) (<http://nccsdataweb.urban.org/NCCS/extracts/nonprofit Almanac/verpdf.pdf>)

details on the methodology in the information OPM submitted for the changes. However, as it stands, there is a significant risk that the bigger charities, that get larger amounts of money, would end up helping to cover much less of the overall cost, relative to the amount of CFC funding they receive. They already get the lion's share of donations, but in this system they will get a whole pride of lions as their share! On the other side, the smaller charities, that can be heavily dependent on the CFC dollars, even if a small amount, could end up paying a correspondingly higher rate for the benefit that they receive.

The argument that this change will shift the costs of the CFC program from the donors to the charities doesn't really hold water. Much, if not all, of the charities' money comes from donors in the first place, so when the charity pays the up-front fee for participation, it's donors' money that's being used.

The cost of administration of the program is not likely to change much by charging the application fee instead of the percentage of donations. What will change is the burden of paying that cost. Instead of being shared equitably in proportion to the benefit received, it could fall much more heavily on those who can least afford it. In many cases, I believe that this burden could be enough to discourage the smaller charities from participating in the program. This reduction in the population of eligible charities benefits neither the donors nor the CFC program itself.

2. Electronic Donations: Discontinue Other Options

I am concerned that any move to eliminate non-electronic donations by OPM in the CFC program is going to reduce the number of federal employees who participate, as well as the overall amount of money raised each year. CFC data for 2012 indicates that roughly 10% (approximately \$27 million) of all donations were made via cash, check or money order.⁴ This is a substantial sum to risk sacrificing for administrative convenience. Every charitable dollar raised is of tremendous importance. \$27 million is certainly significant enough to keep the non-electronic donation option in place.

3. Local Governance Structure: Create Regional Coordinating Committees

During my time on the CFC-50 Commission, I learned that there is a real problem with a lack of consistency and quality control from one LFCC to the next. The recommendation that some of us made to OPM was to create a rigorous training program to assure that LFCC leadership followed best practice and OPM policies across the county. In addition, we recommended that OPM increase its oversight and auditing of local campaigns to maintain quality control and minimize abuse and waste. I believe the proposal to move to Regional Coordinating Committees was in this same spirit - an attempt to help improve quality, consistency and oversight of the campaigns. All of this is critically important, and was reinforced for many commission members when we read the OPM Inspector General's report on the CFC of the National Capital area that came out during the commission's work.⁵ This report outlined in detail the evidence that there was a real problem in oversight of the CFC. However, it is also true that more local campaigns are

⁴ U.S. OPM, Combined Federal Campaign, Report C-17 CFC 2012 Pledge Report, April 2013

⁵ U.S. OPM, Office of the Inspector General, Office of Audits, Audit of the 2007 Through 2010 Combined Federal Campaigns of the National Capital Area – Alexandria Virginia (<http://archive.opm.gov/oig/pdf/AuditReports/3A-CF-00-10-034%20CFC%20for%20the%20National%20Capital%20Area%202007-2010%20Redacted.pdf>), March 2012

likely to raise more money due to the personal solicitations that can be made at that level. I believe the evidence for the best course of action here is not clear. Therefore, I recommend that this effort be pilot tested to see what the best balance is between regional and local coordinating committees.

4. Elimination of Paper Processes.

OPM proposes to eliminate printing and distributing of various campaign materials and make them available exclusively through electronic means. However, experts have estimated that roughly 80% of all federal employees use paper forms to make their CFC campaign pledges. Furthermore, many federal employees have limited access to electronic information in their workplaces. Therefore, I recommend that this proposed change only occur in locations where such electronic data is easily accessible and understandable to federal employees. Once again, further research and perhaps pilot testing is required before such a determination can be made.

In addition to the four changes that others have expressed concern about, I also think the following two changes are problematic and require additional information before a decision is made whether or not to implement them:

(1) *Streamlined Application Process.* Charities already in the CFC program would produce a more limited specified set of documents, via a reduced application form, to be admitted for the subsequent two years. From my work at Charity Navigator, I know that with changes in charity leadership, problems can arise quite quickly. We see this all the time and an annual review reduces the likelihood of questionable charities staying in the program. Therefore the additional information required to make a decision on this change, is what the specific content is of the documents that will not be produced annually. Unless it is very benign (address, mission statement, etc.), I would oppose this change. At minimum, I believe that charities that get the larger amounts of funding each year (quite a few get millions of dollars) should not have this annual requirement lifted.

(2) *Audit of Small Charities.* OPM is proposing to waive the audit requirement for organizations reporting less than \$100,000 in annual revenue to the IRS. In addition, they propose that an organization with annual revenue of at least \$100,000 but less than \$250,000 not be required to undergo an audit, but have their statements reviewed by an independent certified public accounting firm. Once again, given my awareness of the significant amount of fraud and unethical behavior in the nonprofit sector, I worry that organizations that are charities in name only will be able to "fly under the radar" and take advantage of well meaning donors. Although such audits can be costly and therefore difficult for smaller charities to afford, I believe that for the integrity of the CFC program and to protect donor dollars, it is risky to lift this requirement entirely. Further analysis should be conducted to assure that, even if a charity is small in overall size, if it gets more than a certain amount of money from the CFC campaign each year, it should be required to have an audit conducted.

My concern about both of these proposed changes reflects back to issues that Charity Navigator staff has raised about the CFC program at least as far back as 2007.⁶ Essentially, of the roughly 24,000 charities that are participating in the CFC program, Charity Navigator found evidence that some of them are the poorest performers we evaluate and a number of others are engaged in activities that have caused us to impose

⁶ www.charitynavigator.org/CFC_Contributors_Beware:_Not_All_of_the_Participating_Charities_Deserve_Your_Support (<http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=659>), October, 2007

a Donor Advisory (wherein we completely discontinue rating the charity for a period of time) because of questionable information about their activities (such as a governmental investigation, major law suit or highly atypical practices indicated on the 990 form).⁷ Therefore, another CFC-50 recommendation that I think is critical to assure the future integrity and viability of the CFC program and is not reflected in the OPM proposed regulatory changes is the following:

"The Commission suggests that OPM review current eligibility requirements to ensure that participating charities meet the CFC's traditional high standards of accountability, transparency and programmatic service. Requirements should be strengthened to assist in screening out charities that have questionable fund raising or management practices. The focus should be on integrity and accountability of charity operations and quality of services provided. Changing the eligibility requirements to meet a higher level of accountability to the donor community may require changes in laws or regulations. If, as a result, this recommendation encounters implementation delays, OPM should, as a first step, require online providers to include additional information to donors such as links to charity rating services, number of years a charity has been in business, and the CFC revenue received by the charity to help donors make informed choices."⁸

The CFC-50 Commission also recommended that:

"As PCFOs and donors rapidly move toward web-based search and pledging, the online world offers the CFC the opportunity to provide information and online searches which allow donors to determine the background and operations of CFC charities. Examples of additional information that could be provided to donors through a web-based system include:

- o Descriptions of the charity's work on the IRS Form 990. Participating charities are required to describe their work on the second page of the Form 990. These descriptions can be made available to donors who can then compare them to what is presented in the CFC catalog/website.*
- o Links to third party charity review services. The CFC could provide links to third party charity review services on the Campaign's own websites. Providing these links to outside, independent evaluations would offer donors greater insight into the activities and operations of participating charities and could be a tool that would help donors resolve any issues of controversy surrounding individual groups.*
- o Length of time a charity has been in existence. OPM could publish in the CFC catalog and website the number of years a CFC charity has been in operation."⁹*

Again, I urge the subcommittee to inquire of OPM whether or not it intends to implement these recommendations. If so, and no regulatory change is required, all is well. If not, I believe OPM should be strenuously encouraged to do so.

⁷ www.charitynavigator.org, [How Do We Decide to Post a Donor Advisory?](http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=1072) (<http://www.charitynavigator.org/index.cfm?bay=content.view&cpid=1072>)

⁸ CFC-50 Commission Report, page 17.

⁹ Ibid., page 18.

The Other 7 of the 13 Proposed Changes that are Not Contested.

I believe the following seven proposed changes are good ones that will help to improve OPM's oversight of the CFC program, cut unnecessary costs, as well as improve the CFC's ability to meet the needs of federal employees who donate through the program. As I recall, all these changes had virtually unanimous approval of the CFC-50 Commission members:

- (1) *Changing the Campaign Solicitation Period* - from September 1 to December 15 by one month, so that it would begin on October 1 and end on January 15.
- (2) *Immediate eligibility*. Currently, new employees may not begin participating in the CFC until the next scheduled campaign solicitation period begins. New employees will now be provided information on the CFC at orientation and be able to make pledges within 30 days of being hired if hired outside of the solicitation period. This will enable those employees who wish to make an immediate contribution to do so.
- (3) *Disaster Relief Program*. Currently, each disaster requires a new authorization from the OPM Director for a special solicitation period. The amended regulation will provide for the creation of a Disaster Relief Program that would be available to donors within hours after a disaster.
- (4) *Training and Oversight*. OPM will provide for additional training and oversight of the campaigns. The trainings will be conducted by OPM staff and will focus on oversight responsibilities, charity eligibility requirements, and how to select a marketing organization and review/approve its reimbursable marketing expenses.
- (5) *Streamlining Campaign Administration*. Responsibilities for back office functions will be consolidated via establishing one or more Central Campaign Administrators (CCA). The CCA will either perform these functions itself or will set up regional receipt and disbursement centers.
- (6) *Oversight of Federations*. Federations will provide a copy of each member organization's application, require dates upon which disbursements must be made to members, add additional reporting requirements, and prohibit deductions of dues/fees from the disbursement of CFC contributions.
- (7) *Payroll Deduction Disbursements*. Payroll offices will either distribute funds to the charities directly or, if funds are transmitted to the CCA, provide more detailed reports. Currently, Federal payroll office disbursement reports vary in format and level of detail, which adds to the administrative costs of the campaign administrators responsible for ensuring the accuracy of disbursements to designated charities.

Conclusion

I believe all of these proposed changes are well intentioned and reflect a genuine desire to improve the operations of the CFC as well as to drive down overhead costs so that federal employees who make donations via the CFC can see evidence that more of their dollars end up in the hands of good charities. These are very important goals with which I wholeheartedly agree. Many other CFC-50 Commission recommendations supported the same purpose but are not evident in the proposed regulatory changes. I hope that this subcommittee will urge OPM to reconsider the problematic changes noted above, in view of the potential negative results associated with them. In addition, I once again strongly recommend that a federal employee working group be convened, on at least a quarterly basis, to assess how the CFC program is working, test different approaches, make recommendations of their own to improve the program and help OPM to continuously improve the CFC program over the years to come. This recommendation, while discussed

during our meetings, is not in the CFC-50 Commission final report. If the CFC does not have such a process "baked in" to its design going forward, I fear that the long term viability of the CFC program will be far less likely and the decline in participation in the CFC will continue.

My sense of the CFC leadership, based on the interactions with my fellow commission members and OPM staff, is that they sincerely want to make the program the best that it can be. Therefore, I remain hopeful that in the end, all of the great ideas suggested by the commission members, along with the insightful testimony received during the CFC-50 Commission's public hearings, will make the program as good as it can be going forward.

The heart and generosity of the federal workforce is enormous and OPM has a vitally important responsibility to help assure that every precious charitable dollar is used as effectively as possible. I hope the CFC program will achieve this critically important goal so that federal employees have confidence in it and the best charities get the most support. This will result in many more people and communities receiving the vital help they need. That is what it's all about.

Mr. Chairman, this concludes my statement. I would be happy to respond to any questions that you or other members of the subcommittee may have at this time.

If you have any questions on matters discussed in this statement, please contact Ken Berger at (201) 293-0419 or kberger@charitynavigator.org.

Mr. FARENTHOLD. Thank you very much.

I will recognize myself for five minutes of questioning.

I think I speak for everybody on the dais here, that you don't get into public service as an elected official if you don't start in public service helping out non-profits and charities. My wife, a member of the Junior League, considers herself basically a professional fundraiser. I have served on the boards of the Texas State Aquarium, the art museum of South Texas, several schools, private schools that my children attended. My wife has been on the board of a small non-profit no-kill animal shelter, PeeWee's in Corpus Christi. My company before I came to Congress did websites, we had a special program for non-profits. We were very involved in this.

This is an issue I am very passionate about, and understand a little bit about fund-raising and the internet. I am deeply concerned about doing away with paper donations and the personal ask. I can guarantee you, I am much more effective raising money for whatever I am raising money for when I look somebody in the eye or talk to them on the telephone and say, can you help out, rather than firing off an email or a letter. I think we have heard testimony to the effect that we have had negative results there.

Are there any thoughts, Mr. Lambert? Are there pilot programs where we determine what impact this will have?

Mr. LAMBERT. Mr. Chairman, we are still evaluating the comments on the proposed rule. We will move forward once we have done so in a thorough way to finalize the reg. So a lot we don't know yet. The regulations themselves are meant to be a general framework. The details, the processes and procedures of implementation will come after that.

We have historically shown our commitment to our stakeholders to work with them on how best to implement those changes, and we will continue to do so.

Mr. FARENTHOLD. Your agency's budget justification for fiscal year 2014 states that "OPM received legislative permission to finance the CFC program via an administrative fee charged to each participating charity and will begin collecting the fee during fiscal year 2015." I asked our staff to look into that and see where that legislative authorization was. They couldn't find it. Could you help us out on that?

Mr. LAMBERT. I am not surprised they couldn't find it, because that was included in our justification in error, that language was.

Mr. FARENTHOLD. I am obviously concerned about not running up the Federal deficit by funding this program. But I am also concerned that the administrative fee is going to cut out some small charities.

Let me ask Mr. Berger, Charity Navigator, one of the criteria you use in evaluating charities is how much actually goes to the program and how much is eaten up in other expenses. Would this OPM fee actually downgrade, potentially, their rating as a charity that gives their money to the people and projects they say?

Mr. BERGER. I want to emphasize that overhead is one of a number of things that need to be considered. So the overall picture of a charity, its performance, its results, are most important. Within that context, we certainly do think that the higher overhead in

some cases is a good indicator of inefficiency and can be a problem that would impact the rating of a charity if it became excessive.

Mr. FARENTHOLD. All right. I am going to go to Ms. Pittman, because she is a small, local charity. Just on a personal level, and no offense to United Way, Ms. Hampton, but I tend to like the local charities where I know the people involved and can really see the impact that they are having. We heard some testimony about the disparate impact these new rule changes might have on smaller charities.

Can you spend maybe 30 seconds telling us some of the negative impacts you see?

Ms. PITTMAN. Well, I will tell you, as you mentioned earlier, the personal "ask" and the volunteer is important. Just yesterday, I had an opportunity to go speak at the DEP and because of a relationship that we had over five years ago, I go at least every other year to give them an update of what is going on locally with our organization. If I am not able to go inside and talk to the Federal employees, that will definitely impact what we do locally. That means that those dollars that we are used to, depending on helping the homeless and low income, those dollars will stop, they will cease.

Mr. FARENTHOLD. Thank you very much. I see my time is about to expire. I want to give everybody on the panel a chance to go with their first round of questioning before we have to go for votes. So I will now recognize the ranking member, Mr. Lynch.

Mr. LYNCH. Thank you, Mr. Chairman. First of all, I want to thank Mr. Davis for his kindness. I served as his assistant, he was my mentor before I took over ranking member here. I am sure he ably conducted my duties in my absence. I want to thank him and also Ms. Speier who delivered my opening statement.

I want to thank all of the panelists for coming forward and helping the committee. This is a tremendous blessing we have in so many Federal employees who are willing to donate. So I think some of these recommended changes could be classified under the no good deed goes unpunished category.

I just want to ask Mr. Lambert, have we looked at what impact, now, we are in the third year of a pay freeze for Federal employees. Third year, it started back in January of 2011. So we froze the pay of Federal employees. What impact has that had on donations? Have we looked at that? I know they have been dropping off in those years. Do we think any part of that is the fact that we have withheld raises for our Federal employees?

Mr. LAMBERT. Sir, we do not do any in-depth research currently on why employees give or don't give. It is one of the recommendations from the commission. And we are going to implement that. It didn't require regulatory change, which is why it wasn't seen by others in those regulatory changes we proposed. But certainly I would have to think the economy and the pay freeze has had an impact on donations.

Mr. LYNCH. Furloughs, things like that that we are dealing with. Okay. If we could, I would like to get an answer to that question, if we can sort of quantify it. Not now, but in your work.

A couple of the other issues jump out at me, one being, I understand the desire to go to paperless donations. I understand the rea-

soning behind that, and it is good for the environment. However, sometimes ideology overtakes practicality. A couple of things here. If I am running a home like a Clara White Mission and I am trying to take care of homeless veterans, and only 22 percent of the folks are donating online, and 78 percent are donating with paper checks, that is a huge part of my donation base.

Now, I wish everybody might be a little bit more up to speed, but the plain fact of the matter is, it is not good for the environment for my homeless veterans to not have a grant that helps them either get retraining or get through rehab. It is not good for my folks or families that are suffering from Alzheimer's to not have a grant for their parents or grandparents. It is not good for the environment, I have an adolescent drug rehab facility in my district. It is not good for their environment for those kids who are trying to get off Oxycontin and heroin if there is no grant to make sure that those 20 beds are open for those kids, and I have a line around the block waiting to get in there.

So when we think about environment, I just hope that we are not short-sighted. It is a wonderful ideal to pursue, but I would not cut loose 78 percent of my donors because they are sending me a check so I can do good work.

On top of that, you are asking letter carriers, the National Association of Letter Carriers, to donate to your campaign. You are asking postal workers to donate to your campaign. It is antithetical for them to not use the mail. The reason that they are being laid off is because people are paying their bills online. Now you are asking those letter carriers, those postal workers, don't use the mail, put yourself out of work, take your donations and send them to us online so that we can lay more of you off faster. That is just not going to work. They are too smart for that. So we have to back off a little bit, and do what we can to encourage e-donations.

The last point I want to hit on is the disaster relief piece. I think that is a wonderful idea. I know how patriotic and loyal and good Federal employees are. I can see how they would step up in a situation like the Oklahoma tornadoes or even the terrorist attack in my district in Boston at the marathon, or these firefighters that just were killed in such a courageous line of work. I can see where folks would step up in a tragedy like that, especially Federal employees.

Would this require a separate campaign? Is that how this is envisioned? Because it lacks some detail here. Like if it was outside the normal donation period, campaign period, would this be a separate type of campaign? Because in my district, we are getting 100-year storms every three weeks. So I can see where the need for this would be spot-on. It is a great idea. I am a little fuzzy on the details of how that might work.

Mr. LAMBERT. Congressman, it could be. Again, we are seeking through the proposed regulations to get the authority to be able to do that. Once we have that authority, we will again work with all of our stakeholders to develop that program. But you are right, it could be a year-round program that is available immediately for Federal donors to be able to start contributing to, and to get that money as fast as possible to the local organizations that are responding to those disasters.

Mr. LYNCH. Okay. You have been very generous with my time, Mr. Chairman. And I appreciate your indulgence. I yield back.

Mr. FARENTHOLD. It is my pleasure.

We will now go to the gentleman from Michigan, Mr. Walberg.

Mr. WALBERG. Thank you, Mr. Chairman, and thanks to the panel for being here. I wish I could have heard you, but I have had opportunity to review your statements.

Mr. Lambert, let me just ask, before I go back to some of the train of thought that Mr. Lynch was going down, why did OPM wait until after the public comment period to post comments on the proposed regulation? Was it OPM's decision, consistent with OMB's?

Mr. LAMBERT. Yes. We believe it was consistent with OMB guidance. Our policy is to not post the comments until after the comment period is over. So the comment period ended on June 7th, and after reviewing those comments and redacting PII, we posted those comments, I believe it was by June 24th. So very soon after.

Mr. WALBERG. What is the rationale for the policy?

Mr. LAMBERT. I think it is that we don't want to bias the comments that are being made. So we just try and hold off until the end, and then post those. We don't get them all through electronic means. A lot of them come in through the mail, so they have to be kind of uploaded into the system and it takes a little time.

Mr. WALBERG. Interesting. Through the mail.

[Laughter.]

Mr. WALBERG. Let me ask you, how much will be saved by the shift to electronic-only donations?

Mr. LAMBERT. I don't have a specific number, but I can tell you shifting to an automated environment would be significant savings. When you consider that we solicit over 4 million donors, and that charity lists are produced, I guess pretty close to 4 million, that is a lot of printing that happens. Not too many contributions come in by cash or check. It is a small percentage of what does come in. Probably around \$20 million of the \$250 million that we raised.

So not having to print the brochure, not having to process the cash or checks and not having to input pledge forms that we get in the manual format, because all that information has to be entered manually into systems then to determine who it should go to and how it should be distributed.

So it would be a significant amount, but I don't have an actual dollar amount.

Mr. WALBERG. In light of that, do you have any idea of how the dollar amount that decreased donations, overall amount received from donations would result from this change?

Mr. LAMBERT. I don't know that it would decrease. Again, cash and check donations are a very small percentage of what we get. And we think a lot of those people, now again, automated systems aren't available in all 160 of our campaigns. So right now it might be a small percentage that are coming in that way. We are seeing that this is growing every year.

But we also think that by implementing and going to an automated fashion, we would attract a lot of new donors, new younger donors, who are used to operating online. So they are not going to contribute by filling out a pledge form. They want to go online and

be able to contribute, or they want to go to their smart phone and use an app to contribute.

So we think we can attract a lot of new donors by going to an automated giving environment.

Mr. WALBERG. Okay, thank you. I yield back my time.

Mr. FARENTHOLD. Thank you very much.

They have called folks in the House, fortunately we are about four minutes away from the Floor here. We have a nice, quick way to get there. So I do believe we have time for Mr. Davis' round of questions. We will now yield to the gentleman from Illinois.

Mr. DAVIS. Thank you very much, Mr. Chairman.

One of the reasons I think I like serving on this subcommittee is the practical questions and answers that the members give. As you were describing your wife and her engagement and involvement in charitable activities, it sounded like we had married two sisters.

[Laughter.]

Mr. DAVIS. Charitable, charitable, charitable. I really like the ranking member's economic outlook, that you don't participate in a way to hurt yourself, that you try and help yourself. I can certainly agree with his description of how letter carriers might feel in terms of what they do.

Let me ask each one of you, there has been some expression of concern about the proposed changes. And if you, Ms. Pittman and Mr. Stein and Ms. Hampton and Mr. Berger could each just indicate what is your greatest concern about the proposed changes?

Ms. PITTMAN. I would say getting input from those organizations that are on the front line, who need those dollars and those dollars mean a whole lot. And not only that, it allows us to leverage those dollars that we get from CFC to get other dollars in the community. So it is very important, and I would hate to see those dollars disappear because we would have to cut back on services.

Mr. DAVIS. Mr. Stein?

Mr. STEIN. It would be retaining the local component of the campaign and retaining the giving options and testing the change of the fee structure at the local level before proceeding. And it would also be the establishment of an advisory group, as Mr. Berger said, that could advise OPM going forward with stakeholders, particularly fund-raising experts, people that understand workplace giving, so we could proceed with a cautious approach. These are charitable donations. Any money lost is services that are denied.

Mr. DAVIS. Ms. Hampton?

Ms. HAMPTON. I would have to echo what Ms. Pittman and Mr. Stein have said. But I also, it goes back to the local presence. I also have concerns for the Federal employees, because when they have that local presence, they also, they themselves know where to go for help, and their families and their co-workers. They seem to be a resource to others to tell them where to go.

Oklahoma is a very disaster-prone State. I can tell you, there were over 100 families off our military base that were affected by these tornadoes, and they knew how to get help. And it was thanks to the CFC campaign.

Mr. STEIN. When I was on the CFC 50 Commission, one of the things we kept saying, some of us, was, it shouldn't just be about

the 28 of us telling you what we think. It shouldn't be me here telling you what I think. It really should be the Federal employees that donate that have an ongoing voice, the donors need to have a voice in this on an ongoing basis. That is by far, far more than anything else.

And then also test, test, test. As you heard from a number of the remarks, that there are a number of things where we don't have the data, we don't know the answer. And that is critical, to get those answers and to make informed decisions as we move forward with any of these changes.

Mr. DAVIS. Let me ask, Mr. Berger, is it your hope that the data you have received across the board, as people have responded, would also indicate or would also have enough expert opinion coming from people who are users of the service, or people who are most involved, that that becomes very helpful to OPM as it finalizes any new rules?

Mr. BERGER. Absolutely. We value the comments that we have gotten through this comment period with the proposed regs. Certainly we will thoroughly consider those comments in drafting the final version of the regs.

There seems to be a misunderstanding that we are doing away with the local presence of the campaign. And that is not what we are looking to do at all. We are not eliminating local Federal coordinating committees. We are just changing the names to regional coordinating committee to represent the larger geographic district that they are going to represent. But they still will have that local touch into the Federal agencies and each of these local communities will still be able to do that solicitation and that personal ask.

The automated means that we are trying to implement are just a means to get those donations in. It is not to eliminate that local touch, that local feel, the local interaction that currently is there. We want that to continue. We realize the importance of that, too.

Mr. DAVIS. Thank you very much, Mr. Chairman.

Mr. FARENTHOLD. Thank you very much, and as we conclude, I do think we can sum up a lot of what we have heard here, we don't want to take the local aspect out of it, we don't want to place the Federal programs out of the reach of the smaller, local charities. I think those are two of our big takeaways. We have covered a very broad and important topic in a very small amount of time.

But I do think we have gotten the information that we need. We have a relatively thorough record here, with your written testimony and questions. I would like to thank all the witnesses for their involvement in their communities and their States and our Country and in the world. Together we are all making a difference, and we thank you for taking time to be with us and educating us today. The subcommittee now stands adjourned.

[Whereupon, at 2:09 p.m., the subcommittee was adjourned.]